

AGENDA

CABINET



Monday, 17th September, 2007, at 10.00 am Ask for: **Karen Mannering / Geoff Mills**
Darent Room, Sessions House, County Hall, Maidstone Telephone **(01622) 694367/ 694289**

Tea/Coffee will be available 15 minutes before the meeting.

UNRESTRICTED ITEMS

(During these items the meeting is likely to be open to the public)

1. Minutes of the Meeting held on 16 July 2007 (Pages 1 - 8)
2. Declaration of Interests by Member in Items on the Agenda for this meeting
3. Revenue and Capital Budgets, Key Activity and Risk Monitoring (Pages 9 - 92)
4. Autumn Budget Statement (Pages 93 - 112)
5. Informal Member Group "Going Local" - Supplementary Report following County Council (Pages 113 - 128)
6. Kent Children's Trust Governance Framework (Pages 129 - 132)
7. Future of Post Office Network and Services in Kent (Pages 133 - 136)
8. Contract for the Connexions Service's Preferred Supplier (Pages 137 - 176)
9. Unit Review (Including Designated and Specialist Provision and Very Severe and Complex Need Support for Children and Young People with Special Educational Need at Mainstream Schools) (Pages 177 - 190)
10. Eastern Quarry (EQ2), Watling Street, Swanscombe, Kent (Pages 191 - 202)
11. Allocation of Capital Funding: Kent Empty Property Initiative (Pages 203 - 206)
12. Cabinet Scrutiny and Policy Overview (Pages 207 - 212)
13. Other items which the Chairman decides are relevant or urgent

EXEMPT ITEMS

(At the time of preparing the agenda there were no exempt items. During any such items which may arise the meeting is likely NOT to be open to the public)

Peter Gilroy
Chief Executive
Friday, 7 September 2007

Please note that any background documents referred to in the accompanying papers maybe inspected by arrangement with the officer responsible for preparing the relevant report.

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KENT COUNTY COUNCIL

CABINET

MINUTES of a meeting of the Cabinet held in the Darent Room, Sessions House, County Hall, Maidstone on Monday, 16 July 2007.

PRESENT: Mr P B Carter (Chairman), Mr N J D Chard, Mr M C Dance, Mr K A Ferrin, MBE, Mr G K Gibbens, Mr R W Gough, Mr A J King, MBE, Mr P M Hill, OBE, Mr K G Lynes and Mr C T Wells

ALSO PRESENT: Mrs E M Tweed

IN ATTENDANCE: Mr P Gilroy (Chief Executive), Mr G Badman (Managing Director of Children, Families and Education), Ms A Honey (Managing Director Communities), Mr O Mills (Managing Director - Adult Social Services), Ms L McMullan (Director of Finance) and Mr R Hardy (Head of Improvement And Engagement)

UNRESTRICTED ITEMS

Kent Show and Tour de France

Before the commencement of business, Mr Carter said that both the Kent Show and the visit of the Tour de France had proved very successful and he congratulated all those who had been involved from KCC for helping to make these two events such a success for Kent.

1. Minutes of the Meeting held on 18 June 2007
(Item. 1)

The Minutes of the meeting held on 18 June 2007 were agreed as a true record.

2. Revenue and Capital Budget Monitoring Exception Report
(Item. 3 - Report by Cabinet Member for Finance and Lynda McMullan, Director of Finance)

(1) This was the first exception report for 2007/08 and it identified a number of pressures that would need to be managed during the year if the Council was to have a balanced revenue position by year end.

(2) Cabinet discussed the position on asylum costs and Mr Carter said that KCC would continue to press for repayment of these both independently and in partnership with other authorities from within the South East and across the country. Meetings were actively being sought with key Ministers and senior officials within government spending departments and concerted and constructive action would continue in order to achieve a level of sustainable funding which repaid the costs currently being met by the County Council.

(3) Following further discussion, Cabinet noted the forecast revenue and capital budget monitoring position for 2007/08.

3. Roll Forward of 2006-07 Revenue Underspend
(Item. 4 - Report by Cabinet Member for Finance and Director of Finance)

(1) Mr Chard placed on record his thanks to his fellow Members and also to officers for the part they had played in achieving a revenue underspend for 2006/07 of £7.7m, excluding schools. He highlighted the key areas of the revenue roll forward proposals, and in particular, the extra £3m which would be going into Highways maintenance.

(2) Cabinet approved the requests for roll forward from 2006/07 as detailed in Appendix 1 of the Cabinet report.

4. Connexions Transition
(Item. 5 - Report by Cabinet Member for Children and Family Services, Cabinet Member for Education and School Improvement and the Director-Commissioning (Specialist Services) (Joanna Wainwright was present for this item).

(1) This report provided the context for decisions which needed to be made by KCC about the future of the Connexions Transition which had to be made by the end of September 2007. The report sought Cabinet's guidance on the planning work and to consider the options for change with the purpose of generating closer alignment with the County Council's Local Area Agreement Targets and objectives, including 2010 targets, 14-24 work and its developing Integrated Youth Support services.

(2) Joanna Wainwright said that the Connexions Service was achieving well against its targets but there was no room for complacency and the service was committed to ensuring and achieving innovative and improved outcomes. In terms of the recommendations set out in paragraph 5 of the report, she commended to Cabinet that the relationship with Connexions should become that of preferred supplier as detailed in paragraph 5(c)(i).

(3) Cabinet discussed the detail of the report and in accepting the recommendations, decided that the preferred way forward for the future relationship between the County Council and Connexions should be that of a preferred supplier with an offer made of a 2 year contract from April 2008.

(4) Cabinet therefore agreed:

- (a) that the transition processes undertaken by the Strategic Group should focus on sustaining existing provision in the short term in the interest of achieving key objectives and targets;
- (b) plans for market testing of services in the medium and longer term should be pursued to ensure close alignment with KCC's priorities, the integrated Youth Support Services Strategy and the Children and Young People's Plan; and
- (c) the relationship within Connexions should become that of a preferred supplier with an offer made of a two year contract from April 2008. This offer to allow change in the first year within existing staffing as

may be agreed and with further planned graduated change in line with KCC's overall policy objectives during the second year.

5. The Bridge Development, Dartford

(Item. 6 - Report by Cabinet Member for Education and School Improvement, Cabinet Member for Regeneration and Supporting Independence, the Managing Director for Children, Families and Education and the Acting Managing Director for Environment and Regeneration)

(1) The Bridge Development is a partnership between Dartford Borough Council, (the landowners) together with developers Pro Logis Developments (Ltd). The project would transform a 264 acre brownfield site (formerly the site of Dartford's Joyce Green Hospital and Little Brook Lakes) into an advanced sustainable community. The project would see the development of a new primary school, together with facilities for health; adult education; a multi-agency social care facility; an adult social care community resources centre; community meeting room; youth centre; library and archives access point; facilities for the police, and a café. The County Council had secured a developers contribution, which, with index linking, equated to approximately £8.5m to meet the capital costs of this innovative development.

(2) Cabinet:-

- (a) approved the continuing development of the Bridge Development;
- (b) agreed the scheme, valued at £8.5m, at this point in time, being formally added to the Education and School Improvement Capital Programme and to be shown as being fully funded by Developer Contributions. In the event that the contribution was at a different level, the programme would be amended accordingly;
- (c) granted approval to spend and gave authority to negotiate and enter into such agreements as are necessary to give effect to the scheme to the Director, Resources (Children, Families and Education) and the Head of Corporate Property. This to be in consultation with the other Managing Directors and Cabinet Members and subject to the Director of Finance and Cabinet Member for Finance being satisfied with all the financial arrangements, both revenue and capital; and
- (d) noted that the new Bridge Primary School would open in September 2009.

6. IIP - Presentation by Kevin Newman

(Item. 7 - Presentation by Mr Kevin Newman (External Assessor))

(1) Mr Newman gave Cabinet feedback on the Investors in People Standard Internal Review which had been undertaken within the Council at the end of 2006 and into the early part of 2007.

(2) The presentation highlighted the key strengths of the Council and this included it achieving a four star rating for services in 2005 and top marks for

direction of travel. The Assessor found that there was a culture of collaboration and trust and learning and development was strong with a considerable array of options available. However, there was work which remained to be done and in particular there was a need to make sure that learning and development programmes had been effective and had met the perceived needs. Also work place induction whilst strong was being applied inconsistently in some areas. The Council was already addressing some of these issues and had decided to train its internal reviewers to use Profile for its next review. Mr Newman said that this decision was to be commended as he believed that such an action would deliver considerable added value.

(3) Mr Carter said that he welcomed the feedback on the Investors in People Standard Internal Review and whilst greatly encouraged by the strengths which Mr Newman had highlighted, he said the Council was not complacent and a report would be put to a future meeting of the Personnel Committee looking at areas where the Council can learn and improve further.

7. Cabinet Scrutiny and Policy Overview

(Item. 8 -Report by Chief Executive)

This report provided a summary of the outcomes and progress on matters arising from the meeting of the Cabinet Scrutiny Committee held on 27 June 2007. The report also set out the work programme for Select Committee Topic Reviews as agreed by the Policy Overview Co-ordinating Committee and provided an update on the current status of each Topic Review.

8. International Rail Services at Ashford International Station

(Item. 9 - Report by Deputy Leader and Cabinet Member for Policy and Performance and Cabinet Member for Regeneration and Supporting Independence)

(The Chairman declared consideration of the item to be urgent so that Members could be made aware in particular of the outcomes of a meeting which had taken place at the European Commission in Brussels on 4 July 2007 involving the County Council and other key parties. Members also needed to be briefed on the actions the Council was taking and these were set out in the report for consideration and approval).

(Mrs Edith Robson, a local resident and campaigner, was present for this item. Mr Ian Nunn (Finance Director) and Mr Seth Williams were present on behalf of Eurostar).

(1) Eurostar's plan to end direct train services from Ashford International Station to Brussels in November 2007 was first debated by Cabinet on 16 October 2006. Since knowing of Eurostar's intentions, the County Council had played a major role in campaigning to retain the Ashford-Brussels service and had worked with passengers, the business sector, public sector bodies, MP's and MEP's to question Eurostar and Government on the decision. On 6 July 2007 a petition was presented to Downing Street by local campaigner, Mrs Edith Robson, accompanied by Damien Green MP, Euro MP's Peter Skinner and Sharon Bowles, and other passengers and rail lobby groups. The petition numbered over 15,000 signatures.

(2) Kent County Council, Ashford Borough Council and the South East England Development Agency attended a meeting at the European Commission in Brussels on 4 July 2007. This meeting brought together Eurostar, London and Continental Railways, Mrs Edith Robson, Passenger Groups, local authorities from Northern France and rail operators and infrastructure managers from the UK, France and Belgium. The aim of the meeting was to allow all parties to state to the Commission their position and explore possibilities to bring these positions together. As an outcome of this meeting, a commitment was given by all organisations present to hold further talks and there was a proposal by the Commission to host a follow up meeting in Brussels at the end of 2008 where progress could be monitored.

(3) Mrs Robson said that with Ashford being a growth area, a number of businesses had located to the area because they could readily gain access to three European Cities within two hours. Mrs Robson believed the loss of services to Brussels would have a detrimental affect on Ashford's growth potential and lead to an increase in air travel. She said that Eurostar was strongly marketing St Pancras and Ebbsfleet but if Ashford was similarly marketed, then what she asked could it not achieve if given the same level of exposure. Mrs Robson said Ashford was being described by Eurostar as an intermediate stop, but she said on that basis, Ebbsfleet was also an intermediate stop. It was said by Eurostar that the decisions about services at Ashford were being taken on a commercial basis. However, being commercial was about making profits and profits come from passengers who had been saying what a great station Ashford was to use. Ashford was also a rail hub and was easily accessible from other areas and this contributed it to having a low carbon footprint. Eurostar had said that it believed when Ebbsfleet opened there would only be 14 passengers wishing to use the Brussels service from Ashford whereas 36 was the break-even number. Mrs Robson challenged this statistic and said she believed that with the proper marketing of Ashford the break-even figure and more could be achieved. Mrs Robson said that many people were unaware of these proposals and she posed the question why destroy something which had never been properly promoted for something which was untried. The Javelin Service was due to be introduced in 2009 and if those services had been timed to synchronise with the opening of Ebbsfleet, then said Mrs Robson she thought Ashford passengers would have been prepared to use that service. But with the Javelin not being ready until 2009 then Eurostar should retain a mix of services until that time. Mrs Robson concluded by saying that she believed Eurostar would lose the trust of its customers if it cut services from Ashford and that trust would not easily be regained.

(4) Mr Ian Nunn of Eurostar said that the company had some 12½ years experience of operating high speed passenger services and in that time had carried some 75m passengers. It had operated from the International Station at Ashford for the past 10 years and with its partner SNCF had in total some 25 years operations experience. Therefore the company was very experienced in the running of high speed train services.

(5) Mr Nunn said that at the meeting at the European Commission, Eurostar had said that the high speed model was not entirely compatible with having intermediate stops. Also whilst Eurostar had recognised the growth potential of areas such as Ashford, the company was not of itself responsible for economic regeneration. High speed domestic services would start in 2009 and Mr Nunn

believed that would be the time when there would be a drive for economic regeneration both at Ebbsfleet and Ashford. However, because of its location, it was Ebbsfleet which was at the heart of Europe's biggest area of regeneration.

(6) Eurostars figures showed that 92.4% of its travellers depart or arrive at Waterloo. Ashford customers represented 7.6% of the total Eurostar volume. The Ashford-Brussels service represented 1.4% of Eurostar volume. Eurostar's data also showed that 86% of Ashford users were UK residents against 53% of users at Waterloo. Eurostar's data also showed that continental and EU visitors did not want to use Ashford and in running its services, the company had to take account of where its continental travellers wished to stop. 60% of UK customers using the Ashford line lived more than 30km away and some 69% of current customers using Ashford lived nearer to Ebbsfleet. Mr Nunn said Eurostar's figures also showed that 80% of customers using Ashford accessed the station by car and 90% had used Eurostar services only once in the last four years. Only some 2,435 people had travelled to Brussels from Ashford more than four times in the last four years and of those, 820 lived nearer to Ashford than Ebbsfleet. Eurostar also said that if it were to maintain an Ashford stop on its Brussels route in addition to a stop at Ebbsfleet, then the estimated Ashford demand post 19 November 2007 dropped from 41 to 14 passengers per train, whereas the breakeven for a Ashford stop was 36 passengers per train.

(7) Eurostar currently operated 12 services, 7 Ashford to Paris, 4 Ashford to Brussels and 1 Ashford to Disney. From the introduction of its new services on 19 November 2007 there would be 16 services per day, an increase of 33%. Of these services there would be 7 from Ebbsfleet to Paris, 5 from Ebbsfleet to Brussels, 3 from Ashford to Paris and 1 from Ashford to Disney. Eurostar would in addition be retaining the seasonal services that it currently operates. Mr Nunn said Eurostar was looking to the County Council to help market and promote Ebbsfleet and to put it on the map. Ebbsfleet International Station was a success story in the making being as it was a vital station in the middle of Europe's biggest regeneration project.

(8) During the course of discussion, Members of Cabinet challenged Eurostar's belief that Ebbsfleet would be easily accessible to passengers, especially those coming from the east of the County. There was already traffic congestion in the area and whilst highway infrastructure proposals, once completed, would help alleviate that, nonetheless passengers heading for Ebbsfleet would need to take into account possible traffic delays when planning their journey. It was also said that Eurostar was ignoring the passenger potential arising from the significant planned housing and business growth planned for East Kent and the coastal fringe over the next 20 to 25 years. Eurostar had said passengers wanting to go from Ashford to Brussels could change at Lille but that of itself would be a disincentive.

(9) The County Council was and would continue to give support to Eurostar and the development of Ebbsfleet. However, Eurostar should in return give its continued support to Ashford by retaining a service to Brussels. Mr Nunn said that Eurostar took seriously the views of those opposed to the timetable changes but its research showed that there was more demand for services to be concentrated on Ebbsfleet than at Ashford. Eurostar was therefore introducing its new timetable based on current data and circumstances. That timetable, said Mr Nunn, was designed to run for 2 to 3 years and he said Eurostar would continue to undertake research in order to ensure that the company continued to meet the requirements

and needs of its passengers. Therefore, Mr Nunn did not rule out the possibility of some service changes in the future provided there was a demonstration of need.

(10) Mr Carter said taking away the Ashford/Brussels service was a major concern because that would have a negative impact on the efforts being made to try and bring quality investment and jobs into East Kent. He asked if it could be clearly demonstrated that 36 passengers would use an Ashford/Brussels service on a daily basis – would Eurostar retain the service? In response Mr Nunn said that it was too late to make any changes to the timetable which was to be introduced on 19 November 2007. However he reiterated that as and when demand at Ashford increased, then Eurostar would look at the provision of services. Also the company had to take into account the economic cost of stopping trains to accommodate a small number of passengers. Mr Nunn confirmed that the Government held a special share in Eurostar but it was a silent partner and could only use its share in very special circumstances.

(11) Mr King said he hoped Eurostar would consider its position with regard to reducing services through Ashford. Following the meeting at the European Commission, the County Council remained concerned about the long term future use of Ashford International Station. In 2005 the Department of Transport had said in a statement to the Public Accounts Committee that the justification for the high speed rail link was very much about the economic regeneration and the benefits that it would bring. In support of this campaign, Mr Damien Green, MP had written to Ruth Kelly emphasising the importance of Ashford being a point of access into Europe and that role would be greatly diminished by the proposed timetable changes. Mr King also said that Eurostar had challenged the County Council to give its support for Ebbsfleet. He said the County Council did support Ebbsfleet and all what Eurostar was trying to achieve. Equally though there had to be support from Eurostar for Ashford continuing as an international station and everyone involved in this matter should be looking for an opportunity to have a meeting of minds to achieve just that.

(12) Mrs Robson said that she was very disappointed that Eurostar would not agree even at this stage to retain a daily service from Ashford to Brussels. She also reiterated her point that if Ashford was seen by Eurostar as being an intermediate stop, then that was also true of Ebbsfleet.

(13) In thanking Mrs Robson and Mr Nunn for attending the meeting, Mr Carter said that notwithstanding what had been said on behalf of Eurostar the County Council would robustly continue its campaign for Ashford to continue to operate fully as an international station with the retention of a daily service to Brussels,

(14) Cabinet then :

- (a) Welcomed the commitment to continued dialogue by all parties that attended the 4 July meeting in Brussels
- (b) agreed to continue to work in partnership with passengers and passenger organisations, MPs, MEPs, District Councils, SEEDA, French local and regional Government, and all other relevant stakeholders to press for the retention of an appropriate service between Ashford and Brussels

(c) agreed it would continue to seek clarification from Eurostar, London and Continental Railways and the Department for Transport on the operating costs of Ashford International Station and the financial and contractual obligations of the companies involved in building and operating the Channel Tunnel Rail Link and Ashford International Station

(d) agreed to continue to support the development of international high-speed rail services in Kent in so far as they are consistent with passenger aspirations, the economic and social needs of the growth areas, their catchment areas and the principles of sustainable development.

REPORT TO: CABINET – 17 SEPTEMBER 2007

SUBJECT: REVENUE AND CAPITAL BUDGETS, KEY ACTIVITY AND RISK MONITORING

**BY: NICK CHARD – CABINET MEMBER FOR FINANCE
LYNDA McMULLAN – DIRECTOR OF FINANCE
MANAGING DIRECTORS**

SUMMARY:

Members are asked to:

- note the latest monitoring position on the revenue and capital budgets,
- note the changes to the capital programme,
- agree the capital virement of £2.45m from the re-phasing of the KHS co-location project to the projects listed in section 4.4.2, with the corresponding reduction of £2.45m in the KHS co-location budget being reinstated in the 2008-11 MTFP.

1. INTRODUCTION

- 1.1 This is the first full monitoring report to Cabinet for 2007-08. The format of the revenue reporting has barely changed since last year, although we have introduced a summary of the gross, income and net position in table 1b, of section 3.2. Details of the changes to the capital reporting are provided in section 4.1.1.
- 1.2 The format of this report is:
- This summary report highlights only the most significant issues
 - There are 6 reports, each one an annex to this summary, one for each directorate and one for Financing Items. Each of these reports is in a standard format for consistency, and each one is a stand-alone report for the relevant directorate.

2. OVERALL MONITORING POSITION (excluding PFI & budgets delegated to schools)

	Variance (£m)
Revenue	+8.052
Capital	-53.191
- real variance	-5.751
- re-phasing	-47.440*

** section 2.2 below explains that -£23.415m of this re-phasing relates to projects which are only in the planning stage, hence their timing remains uncertain.*

- 2.1 The revenue projection above is largely **before the implementation of management action** which is expected to substantially reduce this overspend. Directorates are currently working up action plans in order to try to balance their budgets by year end and details of these will be reported next month.
- 2.2 The capital 'underspend' is the result of £47.440m of re-phasing of projects into future years, of which £0.950m is as a result of projects at the initial planning stage which have yet to get underway and £22.465m relates to projects which are still only at the approval to plan stage, so their timing remains uncertain; and £5.751m of real underspending.

3. REVENUE

3.1 Virements/changes to budgets

Directorate cash limits have been adjusted to include the roll forward from 2006-07 of £7.740m, as approved by Cabinet on 16 July 2007. All other changes to cash limits reported this quarter are considered "technical adjustments" ie where there is no change in policy, including allocation of grants and previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process.

3.2 **Table 1a** – Portfolio/Directorate position – revenue

Portfolio	Budget	Variance	Directorate					
			CFE	KASS	E&R	CMY	CED	FI
	£k	£k	£k	£k	£k	£k	£k	£k
E&SI	-792,456	+62	+62					
C&FS	+98,956	+1,506	+1,506					
Kent Adult Social Services	+271,960	+3,592		+3,592				
E,H&W	+122,019	0			0			
Regen & SI	+8,316	+30			+30			
Communities	+53,576	+1,056				+1,056		
Public Health	+250	-50					-50	
Corporate Support	+26,921	-75					-75	0
Policy & Performance	+3,711	0					0	
Finance	+107,567	-1,059					0	-1,059
SUB TOTAL (excl Schools)	-99,180	+5,062	+1,568	+3,592	+30	+1,056	-125	-1,059
Asylum	0	+2,990	+2,990					
TOTAL (excl Schools)	-99,180	+8,052	+4,558	+3,592	+30	+1,056	-125	-1,059
Schools	+848,649	0	0					
TOTAL	+749,469	+8,052	+4,558	+3,592	+30	+1,056	-125	-1,059

Table 1b – Portfolio Gross, Income, Net (GIN) position – revenue

Portfolio	CASH LIMIT			VARIANCE		
	Gross	Income	Net	Gross	Income	Net
	£k	£k	£k	£k	£k	£k
E&SI	+167,319	-959,775	-792,456	+32	+30	+62
C&FS	+152,790	-53,834	+98,956	+1,790	-284	+1,506
Kent Adult Social Services	+426,305	-154,345	+271,960	+4,887	-1,295	+3,592
E,H&W	+141,031	-19,012	+122,019	-102	+102	0
Regen & SI	+11,791	-3,475	+8,316	+605	-575	+30
Communities	+99,760	-46,184	+53,576	+3,067	-2,011	+1,056
Public Health	+250	0	+250	-50	0	-50
Corporate Support	+45,312	-18,391	+26,921	+1,685	-1,760	-75
Policy & Performance	+4,089	-378	+3,711	+400	-400	0
Finance	+139,658	-32,091	+107,567	-557	-502	-1,059
SUB TOTAL (excl Schools)	+1,188,305	-89,056	-99,180	+11,757	-6,695	+5,062
Asylum	+13,200	-13,200	0	-1,122	+4,112	+2,990
TOTAL (excl Schools)	+1,201,505	-102,256	-99,180	+10,635	-2,583	+8,052
Schools	+929,166	-80,517	+848,649	0	0	0
TOTAL	+2,130,671	+765,573	+749,469	+10,635	-2,583	+8,052

3.3 Table 2 below details all projected revenue variances over £100k, in size order. Supporting detail to each of these projected variances is provided in individual Directorate reports as follows:

Annex 1 Children, Families & Education

incl. Education & School Improvement & Children & Family Services portfolios

Annex 2 Kent Adult Social Services

Annex 3 Environment & Regeneration

incl. Environment, Highways & Waste & Regeneration & Supporting Independence portfolios

Annex 4 Communities

Annex 5 Chief Executives

incl. Public Health, Corporate Support, Policy & Performance & Finance portfolios

Annex 6 Financing Items

incl. elements of the Corporate Support & Finance portfolios

Table 2 - All Revenue Budget Variances over £100k in size order

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
CFS	Asylum - Shortfall in income (income)	+4,112	KASS	Older People Income	-2,525
KASS	Older People Domiciliary Exp.	+1,711	EHW	Reduced tonnage through Allington WtE plant and lower waste growth	-2,262
KASS	Older People Residential and Nursing Care	+1,391	FIN	savings resulting from debt restructuring and higher investment income due to cash balances and increased interest	-1,309
EHW	Essential Routine Mtce. including vegetation control	+1,130	CFS	Asylum - potential draw down of residual balance in Corporate Asylum reserve (gross)	-1,122
KASS	Learning Disability Residential Inc.	+927	KASS	Learning Disability Domiciliary Exp.	-632
CFS	SEN Home to School Transport - savings	+870	CMY	YOS Prevention Grant Income	-566
EHW	The Waste WPEG grant was budgeted as 100% revenue grant but it is being paid as 50% capital grant and is therefore not available to support the revenue	+812	KASS	Underspend against Training Grant	-500
KASS	Learning Disability Independent Living Schemes	+760	RSI	Increased Volume of DCLG grant - Kent Thameside & Swale Delivery Boards	-460
KASS	Learning Disability Supported Accommodation	+735	CMY	AE Income for Immigration Contract	-373
EHW	Budgeted Management Action (covered from Waste under spend)	+730	KASS	Learning Disability Day Care Exp.	-318
KASS	Learning Disability Direct Payments	+722	KASS	Area Contracts & Planning Teams - Management action around staffing	-305
KASS	Physical Disability Direct Payments	+605	EHW	Additional Income in excess of budget, mainly from Education Service	-300
CMY	YOS Prevention Grant Expenditure covered by increased income	+532	KASS	Physical Disability Residential Exp.	-292
CFS	Other Services Support - Recharges from Legal services (gross)	+461	KASS	Assessment & Related - Management action around staffing	-264
RSI	Increased Volume of DCLG activity - Kent Thameside & Swale Delivery Boards	+460	CMY	AE Business Development Income	-260
KASS	Older Persons Direct Services Unit - Staffing Budget	+455	EHW	WEEE Grant not budgeted as income	-250
KASS	Physical Disability Residential Care Income	+424	CMY	Additional LSC AE Formula Grants	-230
KASS	Mental Health Residential Care	+384	KASS	Finance & Resources - Management action around staffing	-220
CMY	AE Immigration Contract Expenditure covered by increased income	+336	KASS	HQ Policy and Performance - Management action around staffing	-204
EHW	Extra take-up of Freedom Bus Pass	+300	KASS	Older People Day Care Spend	-187
KASS	Learning Disability Residential Exp.	+286	CMY	AE Project grants	-161
CFS	Assessment & Related - delay in achieving savings target (gross)	+264	CFS	Assessment & Related - additional income for Education for best project	-150
KASS	Part year impact of 'fairer charging' decision by Ombudsman	+250	EHW	Improved level of KHS Recharge income	-130
FIN	Commercial Services - delay in letting outdoor advertising contract	+250	CFS	KCC Family Support - management of staff vacancies (gross)	-128
KASS	Learning Disability Day Opportunities	+208	KASS	Physical Disability Day Care Exp.	-126
KASS	Learning Disability Group Homes	+207	KASS	Forecast income from District Councils towards costs of PFI	-126
RSI	1 Unfunded post and Seconded Staff funded externally in Change & Development Division	+205	RSI	Seconded Staff funded externally in Change & Development Division	-115
CMY	AE loss of Tuition Fees	+200	KASS	Part year saving on establishment of SRP Systems Support Team	-112

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
KASS	Physical Disability Supported Accommodation	+194	KASS	Underspensing against Office Accommodation budgets	-111
CMY	AE staff restructuring	+174	CFS	Other Services Support - Out of Hours service matched by additional expenditure (income)	-105
CMY	YOS Secure Accommodation	+163	KASS	Occupational Therapy Bureau - Provision for Replacement Hoists	-100
CMY	Increased guided learning hours for Family and Lifelong Learning in AE covered by increased income	+161			
CMY	Coroners Mortuary Fees	+142			
CFS	In house Residential Care - increased running costs (gross)	+139			
CMY	Neighbourhood Learning & SIP	+135			
KASS	Older People Direct Payments	+134			
CMY	AE fee and concessions policy revisions covered by increased income	+133			
CMY	AE Premises Costs	+126			
CMY	YOS staffing	+124			
CMY	AE Business Development Expenditure covered by increased income	+120			
KASS	Mental Health Domiciliary	+105			
CFS	Other Services Support - Out of Hours service covered by additional income (gross)	+105			
CMY	AE Project expenditure covered by increased income	+104			
CMY	Arts Unit reduction in grant income	+100			
		+21,886			-13,943

3.4 Key issues and risks

3.4.1 In the Children, Families & Education directorate, the key issues are:

1. **Children & Family Services portfolio:** Forecast excl. Asylum **+£1.506m**

This pressure is mainly due to the inability to achieve the budgeted savings on SEN transport in the current year and increased legal fees within Children's Social Services. The activity data for Children's Social Services has also highlighted some potential areas of concern which are currently being investigated.

2. **Children & Family Services portfolio - Asylum:** Forecast **+£2.990m**

The forecast assumes the same grant rules and unit costs as 2006-07. Also we have recently received notification from the Border & Immigration Agency that they will not be funding any increase in pay and prices in 2007-08. Overall this results in a forecast pressure of £4.112m which we have offset by the £1.122m balance in the Asylum Reserve. The position regarding 2006-07 and 2005-06 remains unresolved and negotiations continue with the Home Office and the DCSF.

Further details of these pressures are provided in Annex 1.

3.4.2 **Kent Adult Social Services portfolio:** Forecast **+£3.592m**

This pressure is mainly as a result of demographic and placement pressures on most client groups but most significantly people with learning difficulties where we are experiencing young adults transferring from Children's Services with complex needs and increasing numbers of clients over 65 in line with the trend for people to live longer. In addition our success in meeting the direct payments target continues to identify previously unmet demand/need. Further details are provided in Annex 2.

3.4.3 In the Environment & Regeneration directorate, the key issues are:

Environment, Highways & Waste portfolio: Forecast breakeven

Although a breakeven position is forecast, a gap in the budget to be dealt with by in year management actions and additional routine highway maintenance have been offset by a large underspend on waste. This forecast also assumes that corrective work following the floods in June will be funded from the Emergency Conditions Reserve, consistent with previous practice. Further details are provided in Annex 3.

3.4.4 Communities portfolio: Forecast +£1.056m

The main pressures are within Adult Education, Youth Offending Service and Coroners. The pressures within the Adult Education service are largely in respect of unanticipated costs incurred in restructuring the service in order to make the necessary savings to bring the budget back into balance and a reduction in tuition fee income following the recent interest rate rises reducing household's disposable income. (Previous studies have shown a clear link between a household's disposable income after covering fixed overheads and take-up of AE courses). The Youth Offending Service is under pressure as a result of more young people being placed in secure accommodation or on remand and there is a continuation of the pressures experienced in 2006-07 on the Coroners Service.

Further details are provided in Annex 4.

3.4.5 On the Financing Items budgets, the key issues are:

Finance portfolio: Forecast -£1.059m

Savings as a result of debt restructuring and increased investment income are partially offset by an anticipated reduction in the contribution from Commercial Services as a result of a delay in letting the contract for outdoor advertising and sponsorship.

Further details are provided in Annex 6

3.4.6 Directorates are currently drawing up Action Plans to offset these pressures (excluding Asylum). Details will be reported next month but there is a risk that a balanced position will not be achieved by year end. The position will be closely monitored throughout the remainder of the financial year. With regard to Asylum, the current forecast is after the balance of the Asylum Reserve is utilised. We therefore need to consider how we will manage this residual pressure at year end but this will be considered the first call on any Finance portfolio underspend.

3.5 Implications for future years/MTFP

3.5.1 The key issues and risks identified above will need to be addressed in directorate medium term financial plans (MTFP) for 2008-11. The Directorates are currently trying to assess the medium term impact of these issues. There are other pressures which, although not hugely significant this year, will also need addressing in the MTFP. These are detailed in the Annex reports.

4. CAPITAL

4.1 Changes to budgets

4.1.1 The format of these full monitoring reports has changed from last year, specifically with regard to the capital monitoring. It now focuses on projects which are re-phasing by £1m or more and it distinguishes between real variances/re-phasing on projects which are:

- part of our year on year rolling programme or projects which already have approval to spend and are underway , and
- projects which are still only at the initial planning stage or are only at the approval to plan stage and their timing remains uncertain.

With the previous format, the reported re-phasing figure was largely as a result of projects which had yet to get underway, but despite the uncertainty surrounding their timing they had been included in the budget because there is a firm commitment to the project. By identifying these projects separately, we can focus on the real re-phasing in the programme on projects which are up and running. It is intended that from 2008-09 the presentation of the capital budget will also change to show this distinction between projects.

4.1.2 This quarter, the following adjustments have been made to the 2007-08 capital budget. Further details are provided in the relevant annex reports, including the effect on the future years of the capital programme, where applicable.

	£000's	£000's
1 Original Programme (excl. PFI)		315,683
2 Roll forward from 2006-07 due to re-phasing:		
• Education & School Improvement	15,602	
• Education & School Improvement - Schools	12,932	
• Children & Family Services	1,094	
• Kent Adult Social Services	1,182	
• Environment, Highways & Waste	6,528	
• Regeneration & Supporting Independence	2,453	
• Communities	2,138	
• Corporate Support	351	
• Policy & Performance	34	
• Finance	1,061	
Total re-phasing from 2006-07		43,375
3 Marlowe Innovation Centre – to reflect the full gross cost of the scheme with the additional costs to be funded by external funding from Friends of Marlowe Academy and European Regional Development Fund (E&SI portfolio)		953
4 Modernisation 2006-08 (Sussex Road School) – additional costs to be funded by external funding from Sorrell Foundation (E&SI portfolio)		150
5 The Bridge Development, Dartford - to reflect the full cost of developing this innovative new cross-directorate learning campus, funded by developer contributions (E&SI portfolio)		76
6 DfES grant allocation for non delegated devolved capital for Pupil Referral Units (E&SI portfolio)		246
7 Reduction in DfES grant for schools devolved capital between actual allocation and budget assumption (E&SI portfolio – schools)		-904
8 Mobile Working Devices for Children's Social Workers - to be fully funded by DfES grant (C&FS portfolio)		305
9 East Kent Children's Resource Centre – additional external funding from Wooden Spoon, Kent & Medway Towns Fire Authority and Kent Handicapped Caring Association (C&FS portfolio)		68
10 Swale Kids Projects to be funded by a contribution from Eastern & Coastal Primary Care Trust (C&FS portfolio)		15
11 The modernisation of Learning Disability Day Services in the Sevenoaks Area to be funded by part of the capital receipt from the sale of the Horizons/Mountwood site (KASS portfolio):		
• Adaptations to Edenbridge Leisure Centre	80	
• New Edenbridge Community Centre	209	
		289
12 Removal of A228 Colts Hill Strategic Link from the capital programme, as the preliminary costs are to be met from revenue until Government Approval is obtained for this major road scheme (EH&W portfolio)		-10
		360,246
13 PFI		36,301
		396,547

4.2 **Table 3** – Portfolio/Directorate position – capital

Portfolio	Budget	Variance	Directorate				
			CFE	KASS	E&R	CMY	CED
			£k	£k	£k	£k	£k
E&SI	+148,455	-25,421	-25,421				
C&FS	+6,587	+10	+10				
KASS	+11,063	-3,506		-3,506			
E,H&W	+109,699	-11,998			-11,998		
Regen & SI	+10,057	0			0		
Communities	+23,656	-10,687				-10,687	
Corporate Support	+3,995	-93					-93
Policy & Performance	+506	0					0
Finance	+6,527	-1,496					-1,496
TOTAL (excl Schools)	+320,545	-53,191	-25,411	-3,506	-11,998	-10,687	-1,589
Schools	+39,701	0	0				
TOTAL	+360,246	-53,191	-25,411	-3,506	-11,998	-10,687	-1,589

Real Variance		-5,751	-4,243	+150	-	-162	-1,496
Re-phasing (detailed below)		-47,440	-21,168	-3,656	-11,998	-10,525	-93
		2007-08	2008-09	2009-10	Future yrs		Total
Re-phasing		-47,440	+26,730	+16,858	+3,852		0

4.3 Table 4 below, splits the forecast variance on the capital budget for 2007-08 as shown in table 3, between projects which are:

- part of our year on year rolling programmes e.g. maintenance and modernisation;
- projects which have received approval to spend and are underway;
- projects which are only at the approval to plan stage and the timing remains uncertain, and
- projects at the initial planning stage.

Table 4 – Analysis of forecast capital variance by project status (excl. Devolved Capital to Schools & PFI)

Project Status	budget	Variance			
		real variance	re-phasing	total	
	£'000s	£'000s	£'000s	£'000s	
Rolling Programme	103,637	-1,335	-6,070	-7,405	
Approval to Spend	144,826	-453	-17,955	-18,408	
Approval to Plan	66,788	181	-22,465	-22,284	
Initial Planning Stage	5,294	-4,144	-950	-5,094	
Total	320,545	-5,751	-47,440	-53,191	
	2007-08	2008-09	2009-10	future years	total
	£'000s	£'000s	£'000s	£'000s	£'000s
Re-phasing:					
Rolling Programme	-6,070	3,694	2,376	-	-
Approval to Spend	-17,955	17,812	143	-	-
Approval to Plan	-22,465	4,274	14,339	3,852	-
Initial Planning Stage	-950	950	-	-	-
Total	-47,440	26,730	16,858	3,852	-

4.3.1 Table 4 shows that of the -£53.191m forecast capital variance -£5.094m is due to projects at the initial planning stage and -£22.284m is due to projects which are still only at the approval to plan stage and their timing remains uncertain. This leaves a variance of -£25.813m which relates to projects that are either underway or are part of our year on year rolling programme.

4.4 Table 5 below details all projected capital variances over £250k, in size order. These variances are also identified as being either a real variance i.e. real under or overspending which has

resourcing implications; or a phasing issue i.e. simply down to a difference in timing compared to the budget assumption.

Each of the variances in excess of £1m, which is due to phasing of the project, excluding those projects identified as only being at the initial planning stage, is explained further in section 1.2.4 of the individual Directorate annex reports, and all real variances are explained in section 1.2.5 of the individual Directorate annex reports, together with the resourcing implications.

Table 5 - All Capital Budget Variances over £250k in size order

portfolio	Project	real/ phasing	Project Status			
			Rolling Programme	Approval to Spend	Approval to Plan	Initial Planning Stage
			£'000s	£'000s	£'000s	£'000s
Overspends/Projects ahead of schedule						
ESI	The North School, Ashford	Real	+328			
ESI	Dev Opps - Greenfield	Phasing		+264		
ESI	Primary Pathfinder Programme	Real			+250	
			+328	+264	+250	+0
		<i>Real</i>	+328	0	+250	0
		<i>Phasing</i>	0	+264	0	0
Underspends/Projects behind schedule						
EHW	Re-shaping Kent Highways Accommodation	Phasing		-11,000		
CMY	Turner Contemporary	Phasing			-6,539	
ESI	Dev Opps - Kingsmead	Phasing			-4,000	
CMY	The Hub Southborough	Phasing			-3,225	
ESI	Dev Opps - Folkestone School for Girls	Real				-3,094
KASS	Dartford Social & Healthcare Centre	Phasing			-2,897	
ESI	Freshstart - Castle Hill	Phasing		-2,438		
ESI	Dartford Grammar Girls	Phasing	-2,000			
ESI	SSR - The Orchard School	Phasing		-1,723		
FIN	Commercial Services Vehicles, Plant & Equipment	Real	-1,496			
ESI	Dev Opps - Darford Campus	Phasing		-1,320		
ESI	Dev Opps - St James the Great	Phasing		-1,237		
ESI	SSR - Rowhill School	Phasing			-979	
	SSR - Rowhill School	Real			-69	
ESI	Dev Opps - Istead Rise	Phasing			-1,000	
ESI	Academies - Minster College	Phasing			-1,000	
ESI	Dev Opps - Axton Chase School	Real				-1,000
ESI	Dev Opps - The Towers School	Phasing				-950
	Dev Opps - The Towers School	Real				-50
ESI	Phoenix Community PS (Mod 06/7/8)	Phasing	-968			
ESI	Dev Opps - Headcorn PS	Phasing			-600	
EHW	Sittingbourne Northern Relief Road	Phasing			-583	
ESI	Maplesden Noakes (Mod 06/7/8)	Phasing	-582			
ESI	SSR - Milestone School	Real		-553		
ESI	Kennington Juniors (Mod 04/5/6)	Phasing	-551			
KASS	Princess Christian Farm	Phasing			-550	
ESI	Tovil PS (Archbishop Courtenay)	Phasing	-528			
ESI	SSR - Bower Grove School	Phasing		-406		

portfolio	Project	real/ phasing	Project Status			
			Rolling Programme	Approval to Spend	Approval to Plan	Initial Planning Stage
			£'000s	£'000s	£'000s	£'000s
ESI	SSR - Ridgeview School	Phasing			-303	
	SSR - Ridgeview School	Real			-98	
ESI	The Wildernesse School (Mod 06/7/8)	Phasing	-400			
CMY	Herne Bay Youth Centre	Phasing		-310		
	Herne Bay Youth Centre	Real		-90		
ESI	Non Delegated PRU's	Phasing	-387			
ESI	SSR - The Harbour School	Real		-363		
ESI	Crockenhill Primary (Mod 04/5/6)	Phasing	-344			
EHW	Newtown Road Bridge	Phasing			-320	
CMY	Village Halls & Com Ctrs - Grants	Real	-200			
	Village Halls & Com Ctrs - Grants	Phasing	-76			
			-7,532	-19,440	-22,163	-5,094
		<i>Real</i>	-1,696	-1,006	-167	-4,144
		<i>Phasing</i>	-5,836	-18,434	-21,996	-950
			-7,204	-19,176	-21,913	-5,094
		<i>Real</i>	-1,368	-1,006	83	-4,144
		<i>Phasing</i>	-5,836	-18,170	-21,996	-950

4.3 Reasons for Real Variance and how it is being dealt with

4.3.1 The real variance identifies the actual over and underspends on capital schemes and not re-phasing of projects. The main areas of under and overspending in 2007-08 are listed below together with their resourcing implications:-

- -£3.1m on the Development Opportunities project at Folkestone School for Girls as the school is not progressing with the scheme at this time due to planning issues with the enabling development, which indicate that we are unlikely to achieve a capital receipt to the level necessary to develop the project to current proposals. The saving across all years of the capital programme is £9.1m but this is matched by a reduction in capital receipts.
- -£1m on the Development Opportunities project at Axton Chase School as this project is on hold pending Academy application, which if successful will change the current funding arrangements. The potential saving across all years of the capital programme could be up to £20m, funded by capital receipts.
- -£1.5m on Commercial Services Vehicle, Plant & Equipment replacement, which is largely due to continuing the trend adopted last year of leasing vehicles rather than purchasing outright. This will be matched by a reduced contribution to their Renewals Fund.

4.4 Main projects re-phasing and why.

4.4.1 The projects that are re-phasing by £1m or more are identified below: -

- -£11m reshaping Kent Highways accommodation due to delays in starting the Wrotham and Sandwich schemes because of objections to elements of the intended construction.
- -£6.5m Turner Contemporary - the budgeted phasing of the project was based on early discussions with architects before we had received their initial outline and concept design reports. This re-phasing simply represents movement between years and not a delay on completion.
- -£4m Development Opportunities project at Kingsmead as the start has been delayed due to time taken to agree the purchase of the new site from Canterbury City Council. The only expenditure that is likely to be incurred this financial year is the site purchase and minimal development costs.
- -£3.2m The Hub, Southborough due to delays in the planning process.

- -£2.9m Dartford Social & Healthcare Centre has been delayed due to the land predicated for the site not having yet been marketed by its owner. Planning surrounding this project has been generally delayed due to rejection of the major Lowfield Street regeneration application. The redevelopment of Dartford town centre is being reviewed by Dartford Borough Council (DBC) with consultation anticipated in the autumn. An alternative site is being investigated in conjunction with DBC.
- -£2.4m Castlehill Freshstart project - the development of this project has taken longer than expected.
- -£1.7m The Orchard School (Special Schools Review) - the project comprises a mixture of new-build and refurbishment to the main part of the school and two satellite centres for primary aged pupils. The re-phasing is due to the satellite centres being on hold.
- -£1.3m Dartford Campus – delays due to difficulties obtaining the necessary Section 77 and Schedule 22 approvals (regulations relating to the sale of school playing fields) from the DfES (as then was).
- -£2m Dartford Grammar Girls - the project start date has slipped into the next financial year as it cannot begin until the Dartford Campus project has finished (see above).
- -£1.2m Development Opportunities project at St James the Great school was unexpectedly delayed by an objection from English Heritage which has now been resolved.
- -£1m Development Opportunities project at Istead Rise has been delayed due to the school being unhappy with the original feasibility. A revised feasibility has been completed and the school are currently considering the proposals.
- -£1m Minster College Academy as a result of the Secretary of States decision to have an independent review of the planned provision undertaken, in light of objections.

4.4.2 It is proposed that £2.45m of the re-phasing on the KHS co-location project within the Environment, Highways & Waste portfolio be vired for use on the following projects, also within the Environment, Highways & Waste portfolio:

- £330k investment in Street Lighting and Lit Signs, to reduce energy costs
- £120k Ramsgate Tunnel, insulation of new lighting with electronic controls
- £850k Major Bridge repairs
- £650k Replacement of damaged crash barriers/guard rails/parapets
- £500k Resurfacing of Strategic Roads,

with the corresponding £2.45m reduction in the KHS co-location budget being reinstated in the 2008-11 MTFP process. This will bring the 2007-08 budget for capital maintenance up to the figure in the Government's Local Transport Plan settlement for Kent. **Cabinet is asked to agree this virement.**

4.5 Key issues and risks

4.5.1 The impact on the quality of service delivery to clients as a consequence of re-phasing a capital project is always carefully considered, with adverse impact avoided wherever possible. The impact on service delivery of projects which are re-phasing by £1m or more, as identified in table 5 above, is highlighted in section 1.2.4 of the annex reports.

4.5.2 The funding of the 2007-10 capital programme, is reliant upon capital receipts of some £178.305m. It is not always possible to have receipts 'in the bank' before starting any replacement project, due to the obvious need to have the re-provision in place before the existing provision is closed. Management of the delivery of capital receipts is therefore rigorous and intensive.

4.6 Implications for future years/MTFP

4.6.1 Directorates are continuously addressing issues around their capital programmes, in particular, careful consideration is given to the funding of these projects to ensure that as far as possible capital receipts and external funding is in place before the project is contractually committed.

4.7 Impact on Treasury Management

4.7.1 The re-phasing of the capital programme from 2006-07, resulting in high cash balances at the end of the 2006-07 financial year, and the re-phasing on the capital programme projected in this report are major factors in the £1.3m underspend reported against the Interest on cash balances/debt charges budget within the Financing Items revenue budget. Further details are provided in Annex 6. This re-phasing will impact upon the phasing of the debt charges within the revenue budget and this will be reflected in the 2008-11 MTFP.

4.8 Resourcing issues

4.8.1 There will always be an element of risk relating to funding streams which support the capital programme until all of that funding is "in the bank". As detailed in section 2.1 of annex 5, there is an issue surrounding the timing of capital receipts, but over the three year period of the MTFP, the level of receipts required to support the programme is expected to have been 'banked'. At this stage, there are no other significant risks to report.

4.9 Prudential Indicators

4.9.1 The latest monitoring of Prudential Indicators is detailed in **appendix 1**. There has been some deviation from the prudential indicator for the upper limit for principal sums invested for periods longer than 364 days. A £35m limit was set for sums invested for 2-3 years, however the best value in long term investments has mostly been in the period of up to 3 years duration. A decision was therefore taken to 'over-invest' against this indicator to take the best advantage of the market yield curve, however this has been compensated for by lower longer term investments. Investments are still within the overall prudential limit of £135m. Further details are provided in section 9 of appendix 1.

5. RISK MANAGEMENT

The strategic risk register was approved at the June meeting of the Governance & Audit Committee. The register will now be formally refreshed and presented to the Committee on a six monthly basis.

A series of Risk Management Workshops have been delivered to nearly 200 officers throughout the Council. A number of workshops for Members are planned to take place during the remainder of 2007.

Following on from this, Internal Audit is in the process of meeting all business unit managers in order to capture their objectives, risks and controls. The results of this exercise are currently being mapped into an internal controls framework, from which risk management action plans and the annual audit plan will be developed.

6. BALANCE SHEET AND CONSOLIDATED REVENUE ACCOUNT

6.1 Impact on reserves

6.1.1 A copy of our balance sheet as at 31 March 2007 is provided at **appendix 2**. Highlighted are those items in the balance sheet that we provide a year-end forecast for as part of these quarterly budget monitoring reports, based upon the current forecast spend and activity for the year. The forecast for the three items highlighted are as follows:

Account	Projected balance at 31/3/08 £m	Balance at 31/3/07 £m
Earmarked Reserves	57.5	80.9
General Fund balance	25.8	25.8
Schools Reserves *	67.6	67.6

* Under the school loans scheme, loans to schools are financed from the aggregate of school reserves, hence the sum of such reserves is accordingly reduced by the value of the loans outstanding. The level of school reserves shown in section 2.3 of annex 1 is

prior to this reduction and hence differs from the figure in the table above. Both the table above and section 2.3 of annex 1 include delegated schools reserves and unallocated schools budget.

- 6.1.2 The reduction of £23.4m in earmarked reserves is mainly due to the anticipated movements in the rolling budget reserve, Asylum reserve, and Emergency Conditions reserve and planned movements in reserves such as PRG, Kent Regeneration, Environmental Initiatives, IT Asset Maintenance and the Kingshill Smoothing reserve.

7. RECOMMENDATIONS

Cabinet is asked to:

- 7.1 Note the latest monitoring position on both the revenue and capital budgets.
- 7.2 Note the changes to the capital programme, as detailed in section 4.1.
- 7.3 Agree to the virement of £2.45m from the re-phasing of the KHS co-location project to the projects listed in section 4.4.2, with the corresponding reduction of £2.45m in the KHS co-location budget being reinstated in the 2008-11 MTFP.

2007-08 JULY Monitoring of Prudential Indicators

1. Estimate of capital expenditure (excluding PFI)

Actual 2006-07	£237.059m	
Original estimate 2007-08	£315.683m	
Revised estimate 2006-07	£307.055m	(this includes the rolled forward re-phasing from 2006-07)

2. Estimate of capital financing requirement (underlying need to borrow for a capital purpose)

	2006-07 Actual	2007-08 Original Estimate	2007-08 Revised Estimate
	£m	£m	£m
Capital Financing Requirement	1,010.127	1,131.934	1,111.757
Annual increase in underlying need to borrow	96.796	104.598	101.630

In the light of current commitments and planned expenditure, forecast net borrowing by the Council will not exceed the Capital Financing Requirement.

3. Estimate of ratio of financing costs to net revenue stream

Actual 2006-07	11.33%
Original estimate 2007-08	12.01%
Revised estimate 2007-08	11.19%

The lower ratio in the revised estimate reflects increased income from the investment of cash balances.

4. Operational Boundary for External Debt

The operational boundary for debt is determined having regard to actual levels of debt, borrowing anticipated in the capital plan, the requirements of treasury strategy and prudent requirements in relation to day to day cash flow management.

The operational boundary for debt will not be exceeded in 2007-08.

(a) Operational boundary for debt relating to KCC assets and activities

	Prudential Indicator 2007-08 £m	Position as at 31.07.07 £m
Borrowing	1,084.0	896.3
Other Long Term Liabilities	8.0	1.5
	1,092.0	897.8

(b) Operational boundary for total debt managed by KCC including that relating to Medway Council etc

	Prudential Indicator 2007-08 £m	Position as at 31.07.07 £m
Borrowing	1,139.0	952.8
Other Long Term Liabilities	8.0	1.5
	1,147.0	954.3

The authorised limit includes additional allowance, over and above the operational boundary to provide for unusual cash movements. It is a statutory limit set and revised by the County Council. The limits for 2007-08 are:

(a) Authorised limit for debt relating to KCC assets and activities

	£m
Borrowing	1,121
Other long term liabilities	8
	<u>1,129</u>

(b) Authorised limit for total debt managed by KCC including that relating to Medway Council etc

	£m
Borrowing	1,179
Other long term liabilities	8
	<u>1,187</u>

The additional allowance over and above the operational boundary has not needed to be utilised and external debt, has and will be maintained well within the authorised limit.

6. Compliance with CIPFA Code of Practice for Treasury Management in the Public Services

The Council has adopted the Code of Practice on Treasury Management and has adopted a Treasury Management Policy Statement. Compliance has been tested and validated by our independent professional treasury advisers.

7. Upper limits of fixed interest rate and variable rate exposures

The Council has determined the following upper limits for 2007-08

(a) Borrowing

Fixed interest rate exposure	100%
Variable rate exposure	30%

(b) Investments

Fixed interest rate exposure	100%
Variable rate exposure	20%

These limits have been complied with in 2007-08. Total external debt is currently held at fixed interest rates.

8. Upper limits for maturity structure of borrowings

	Upper limit	Lower limit	As at 31.7.07
	%	%	%
Under 12 months	8	0	0
12 months and within 24 months	8	0	0
24 months and within 5 years	24	0	0
5 years and within 10 years	24	0	9.24
10 years and above	100	40	90.76

9. Upper limit for principal sums invested for periods longer than 364 days

	Indicator	Actual
1 year to 2 years	£35m	£34m
2 years to 3 years	£35m	£45m
3 years to 4 years	£35m	£17m
4 years to 5 years	£20m	£16m
5 years to 6 years	<u>£10m</u>	<u>£0m</u>
	£135m	£112m

The best value in long-term investments has mostly been in the period of up to 3 years duration. A decision was taken to over-utilise against the Prudential Indicator for investments with a duration of 2-3 years to take best advantage of the market yield curve. Investments are still within the overall prudential limit with £112m invested against an overall allowance of £135m.

Balance Sheet

The County Fund Balance Sheet shows the financial position of Kent County Council as a whole at the end of the year. Balances on all accounts are brought together and items that reflect internal transactions are eliminated.

	31 March 2007		31 March 2006 Restated	
	£'000	£'000	£'000	£'000
Fixed assets				
Intangible Fixed Assets		4,732		5,935
Tangible Fixed Assets				
Operational assets				
Land and buildings	1,414,844		1,239,411	
Vehicles, plant and equipment	15,863		17,511	
Roads and other highways infrastructure	514,320		518,182	
Community assets	7,775		6,664	
Non-operational assets				
Investment Property	6,584		1,955	
Assets under construction	237,813		131,573	
Surplus and non-operational property	95,423		74,349	
Total Tangible Assets		2,292,622		1,989,645
Total fixed assets		2,297,354		1,995,580
Long-term investments		115,000		66,000
Long-term debtors		59,736		62,002
Deferred Premiums		20,990		21,940
PFI debtor		441		0
Total long-term assets		2,493,521		2,145,522
Current assets				
Stocks and work in progress	5,905		6,809	
Debtors	175,613		173,145	
Investments	153,059		153,234	
Cash and bank balances	96,652		102,615	
Total current assets		431,229		435,803
Current liabilities				
Temporary borrowing	-38		-40	
Creditors	-266,856		-237,452	
Cash balances overdrawn	-124,609		-101,924	
		-391,503		-339,416
Total assets less current liabilities (Net Assets Employed)		2,533,247		2,241,909
Long-term liabilities				
Long-term borrowing	-952,365		-882,523	
Deferred liabilities	-957		-1,523	
Deferred credit - Medway Council	-55,609		-57,926	
Provisions	-13,786		-12,855	
Government grant deferred account	-174,435		-173,058	
Liability related to defined benefit pensions schemes - KCC - DSO	-637,700 -2,487		-719,900 -2,017	
		-1,837,339		-1,849,802
Total assets less liabilities		695,908		392,107

Balance Sheet

Fixed asset restatement account		-664,125	-498,986
Capital financing account		-462,092	-416,820
Earmarked capital reserve		-26,698	-24,884
Usable capital receipt reserve		-7,942	-7,473
Pensions reserve	- KCC	637,700	719,900
	- DSO	2,487	2,017
Earmarked reserves		-80,929	-74,094
General Fund balance		-25,835	-25,835
Schools reserves		-67,639	-65,626
Surplus on trading accounts		-835	-306
Total net worth		-695,908	-392,107

CHILDREN, FAMILIES & EDUCATION DIRECTORATE SUMMARY JULY 2007-08 FULL MONITORING REPORT

1. FINANCE

1.1 REVENUE

1.1.1 All changes to cash limits are in accordance with the virement rules contained within the constitution, with the exception of those cash limit adjustments which are considered “technical adjustments” ie where there is no change in policy, including:

- Allocation of grants and previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process.
- This quarter cash limits have been adjusted to reflect a number of technical adjustments to budget, including the apportionment of -£0.235m of the e-recruitment saving from the Corporate Support portfolio and £0.530m of the provision for Kent Scheme revision from the Finance portfolio and the addition of £1.222m of roll forward from 2006-07, as agreed by Cabinet on 16 July 2007.

1.1.2 **Table 1** below details the revenue position by Service Unit:

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Education & School Improvement portfolio							
Delegated Budget:							
- Delegated Schools Budget	929,166	-80,517	848,649	0	0	0	
- Standards Fund (incl SSG)	0	0	0	0	0	0	
- Targeted Standards Fund			0	0	0	0	
- Direct Funding for Schools			0	0	0	0	
TOTAL DELEGATED	929,166	-80,517	848,649	0	0	0	
Non Delegated Budget:							
- Finance	3,373	-931	2,442	0	0	0	
- Awards	4,891	-827	4,064	0	0	0	
- Grant income & contingency	2,338	-939,811	-937,473	0	0	0	
- Personnel & Development	15,651	-3,493	12,159	0	0	0	
- School Support Service	53	0	53	0	0	0	
- Capital Projects	4,877	-3,284	1,593	0	0	0	
- Client Services	4,391	-3,234	1,158	0	0	0	
- Business Management	2,758	-143	2,615	0	0	0	
- ICT	9,095	-1,893	7,203	0	0	0	
- Health & Safety	427	-8	419	0	0	0	
- Strategic Management	1,584	-103	1,481	0	0	0	
- Policy & Service Development	14,683	-2,735	11,948	0	0	0	
- Management Information	28,109	-35	28,074	0	0	0	
- International Development	192	-100	92	0	30	30	Shortfall in income for Hardelet
- School Organisation	3,136	-58	3,078	0	0	0	
- Mainstream HTST	15,432	-484	14,948	32	0	32	minor variance
- Early Years & Childcare	17,463	-234	17,230	0	0	0	
Operations unit							
- Clusters	13,889	-105	13,784	0	0	0	
- Advisory Service Kent (ASK)	3,458	0	3,458	0	0	0	
Secondary Team							
- ASK Primary Team	3,841	0	3,841	0	0	0	
- ASK Early Years Team	6,088	0	6,088	0	0	0	
- ASK Improvement & Leadership	2,818	-150	2,668	0	0	0	
- ASK Improvement Partnerships	3,982	0	3,982	0	0	0	
- ASK Professional Development	4,790	-2,149	2,641	0	0	0	
TOTAL NON DELEGATED	167,319	-959,775	-792,456	32	30	62	
Total E&SI	1,096,485	-1,040,292	56,193	32	30	62	

Table 1

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Children & Family Services portfolio							
- Attendance & Behaviour Service	15,873	-4,828	11,046	0	0	0	
- AEN & Resources	13,162	-3,722	9,440	0	0	0	
- SEN HTST	14,806	0	14,806	942	-7	935	Travel requirements of SEN children have increased and the service is unable to meet all of the savings targets of £989k
- Independent Sector Provision	9,719	-260	9,459	0	0	0	
- Specialist Teaching Service	3,332	-252	3,081	0	0	0	
- Educational Psychology Service	3,662	-129	3,533	0	0	0	
- Minority Community Achievement	1,788	-98	1,691	0	0	0	
- Children's Safeguard Service	0	0	0	0	0	0	
- Joint Commissioning	2,364	-226	2,138	0	0	0	
- In House Residential care	2,512	-25	2,487	139	15	154	additional cost as a result of move to new buildings
- Ind sector residential care	3,341	-403	2,938	0	0	0	
- Residential care - not looked after children	649	-7	642	-14	0	-14	minor variance
- KCC Family support	9,685	-896	8,790	-128	85	-43	staff vacancies; various income
- Family group conferencing	1,108	-241	867	9	-16	-7	minor variance
- Fostering service	21,344	-97	21,247	0	0	0	
- Adoption service	5,972	-22	5,950	0	0	0	
- Independent Sector day care	885	0	885	-20	0	-20	minor variance
- Section 17	1,030	-5	1,025	0	0	0	
- Link placements	232	0	232	-24	0	-24	
- Grants to voluntary organisations	7,032	-398	6,633	0	0	0	
- Direct payments	636	0	636	-3	0	-3	
- Teenage pregnancy	616	0	616	0	0	0	
- Leaving care/16+	3,400	0	3,400	0	0	0	
- Other services support	4,646	-784	3,862	575	-142	433	legal costs, various income
- Assessment and related	18,584	-16	18,568	314	-219	95	high social worker recruitment costs, various income
- Grant income & contingency	6,412	-41,427	-35,015	0	0	0	
Total C&FS	152,790	-53,834	98,956	1,790	-284	1,506	
- Asylum Seekers	13,200	-13,200	0	-1,122	4,112	2,990	
Total C&FS incl. Asylum	165,990	-67,034	98,956	668	3,828	4,496	
Total Delegated	929,166	-80,517	848,649	0	0	0	
Total Non Delegated (excl. Asylum)	320,109	-1,013,609	-693,500	1,822	-254	1,568	
Total Directorate Controllable (excl. Asylum)	1,249,275	-1,094,126	155,149	1,822	-254	1,568	
Directorate Net Total (incl. Asylum)	1,262,475	-1,107,326	155,149	700	3,858	4,558	

1.1.3 Major Reasons for Variance: [provides an explanation of the 'headings' in table 2]

Table 2, at the end of this section, details all forecast revenue variances over £100k. Each of these variances is explained further below:

C&FS Portfolio

1.1.3.1 SEN Transport

As part of the 2007-10 MTP process the SEN transport budget was reduced by 10% over the period 2007-09 and the Directorate was asked to look at implementing purchase cards as a way of delivering part of that saving (£870k) and keeping price increases to under 5% (£119k).

As part of that process to try and deliver the required savings we carried out a survey of all 3,500 users and a number of users have requested more information about making their own arrangements. Some of these may have the potential to be moved to a system of direct payments or a purchase card but whether that will generate savings will largely depend on the nature of the transport those students currently have. If they go by bus or are one of a number of students in a taxi then KCC is unlikely to be able to realise any saving by moving them to a direct payment/purchase card arrangement as the existing bus/taxi will still need to run.

The greater scope lies with those users who are single occupants in taxis. Commercial Services have reviewed every single occupancy taxi journey and put them out to tender to see if savings can be made. The tender was offered to all 300 taxi operators in Kent but obviously will not impact upon the 3000+ non-single occupancy taxi and bus journeys. The results of this will be known later this month.

The £870k savings target set within the budget is not going to be achieved for 2007/08. There is not a high level of demand from parents to organise their own transport. At present the impact of that, inflation and appeals decisions means we are currently forecasting a pressure of £935k.

1.1.3.2 In House Residential Care (Gross)

A pressure of £139k is forecast as a result of increased running costs on the new builds at the Sunrise centre and the Southdown's centre. This is partly offset by the closure of the Alderden Centre in December.

1.1.3.3 KCC Family Support (Gross)

A forecast underspend of £128k is due to the management of staff vacancies. A number of posts are being held vacant to help with the pressure on staffing on the Assessment and Related budget line.

1.1.3.4 Other Services Support (Gross and Income)

There is a potential pressure of £460.5k forecast against the budget for Legal services, based on the first quarter's charges and last year's outturn. This is expected to be a similar outturn to last year due to high cost bills coming in at year end. This service line is currently under review with a view to identifying efficiencies.

The Out of Hours Service is currently forecasted to overspend by £104.6k but this is offset by additional income of £104.6k.

1.1.3.5 Assessment and Related (Gross and Income)

The forecast pressure on the assessment and related gross budget line is down to a number of separate reasons. Firstly, this budget had a savings target to remove 66 staffing posts (not front line) by 31 March 2008. To date, two thirds of this target has been achieved and there are some delays in achieving the final third, which has resulted in a forecast pressure of £264k.

A market premium has been introduced to obtain new front line social work staff at a cost of £3k per post (approx £30k). Relocation fees (i.e. staff from Atlanta USA) have been capped at £2k per member of staff.

In terms of income, additional contributions have been received from Education for Best Project £150k (Social Workers visiting schools to promote best behaviour) and SSKY project £50k (Multi disciplinary team providing flexible and needs led community services to children and young people who are expected to have difficulties in behaviour, emotions and social relationships that

have not responded to tier 1 interventions and may not have a clinically recognised mental health difficulty), plus income for staff going to Swindon as per Swindon contract £12k (Mid & East Kent).

1.1.3.6 Asylum

The Asylum Service is now forecast to have a funding shortfall of £4.112m for the 2007-08 financial years, £3.612m of direct spending and £0.500m of indirect spending. The estimates assume that the Home Office and Department for Children, Schools & Families (DCSF) use the same grant rules and unit costs as for 2006-07, but guidance has not been issued yet and therefore forecasts may alter if grant criteria change.

On 15 August 2007, the Border & Immigration Agency (BIA) wrote to the LA and confirmed the rates they will be paying for the current year remain unchanged from 2006/07. The estimated shortfall in income as a result of not funding the annual pay and price increase is £185k. This pressure has been reflected in the overall £4.112m funding shortfall for the year.

The overall funding shortfall is partly offset by the expected draw down of the remaining balance in the corporate asylum reserve of £1.122m, leaving a residual net pressure of £2.990m.

This represents an increase of £260k on the previously reported position, £185k is due to the non funding of pay and prices as reported above and the balance is due to the introduction in April of the New Asylum Model (NAM) by BIA. NAM is an attempt to streamline the decision process for new arrivals, with the aim of providing every applicant a decision in 7 weeks. The new processes and procedures that BIA have introduced has significantly increased the workloads on the Service for Unaccompanied Asylum Seeking Children (SUASC) staff, for example each of our clients is required to make at least three trips to either Croydon or Hayes, Middlesex for various immigration interviews - they have to be accompanied by members of staff on each trip. No additional funding has been made available to meet the increased costs of these changes.

There is also the issue of the 2006-07 outstanding grant income relating to our special circumstances bids, £1.5m from the Home Office and £1.6m from the DCSF. Additionally, there is £0.7m outstanding from the DCSF relating to the special circumstances bid for 2005-06.

As previously reported, we have assumed that we will be successful in receiving part of this income and the balance has been met from the Corporate Asylum reserve. If elements of these expected grants are challenged and we receive less income than we assumed from these special circumstances bids, then the forecast will increase from the current £4.112m. Officers are in the process of arranging meetings with the DCSF and Home Office to take these issues forward.

Other Issues

1.1.3.7 Children's Centres underspend (Sure Start Grant)

Early Years and Childcare Operations Unit has identified that work establishing Children's Centres is behind schedule due to the need for a thorough consultation and approval process before capital building works can begin. This has not been allowed for in the scheduling of revenue funding determined by the DCSF, which should kick in once projects are open. Early indications are that the level of underspend is between £1m and £1.5m. An exercise to identify possible alternative items of expenditure to re-badge against this predicted grant underspend is currently underway and therefore this has not been reported in table 1 above. If this exercise is not successful we will have to repay the unused grant income to Sure Start.

1.1.3.8 Payments to PVI providers for the free entitlement for 3 and 4 year olds (DSG)

Whilst our forecast outturn variance has remained unchanged, early indications are that we will have an underspend on payments to PVI providers for 3 and 4 year olds. This budget is funded entirely from DSG and therefore any surplus or deficit at the end of the year must be carried forward to the next financial year in accordance with the regulations, and cannot be used to offset over or underspends elsewhere in the directorate budget. Therefore, as any unspent Early Years funding has to be returned to schools, at year end any underspend will be transferred to the schools unallocated reserve for DSG and hence is not included in the overall directorate forecast.

1.1.3.9 Children's Social Services – Activity budgets

The activity data provided for this quarters monitoring has highlighted some potential areas of concern with the following budget lines:

- Independent Sector Residential Care (3 children placed in high cost placements for their own safety as directed by the court last year are continuing and a further child has been placed in a specialist unit for safety reasons)
- Fostering
- Adoption

At the end of the 2006/07 financial year, the fostering and adoption budgets overspent by £1,315k and this was addressed through the 2007-10 MTP process as £1,388k was funded as a demand led pressure. The majority of this increase was added to the adoption budget, which was where the greater pressure was experienced in 2006/07.

A piece of work has started to look in detail at these budget lines and any financial implications will be declared in next month's exception report. This piece of work will also be required for the work currently ongoing for the 2008-11 MTFP.

1.1.3.10 Delegated Schools Budgets

In agreement with the Schools Funding Forum, it has been decided to reduce the administrative burden on schools by no longer asking them to submit a copy of their first quarter's financial monitoring report to the LA in July. The first return is now due in the middle of October based on the first six months actual income and expenditure and an update will be provided in the next quarters monitoring return.

Table 2: REVENUE VARIANCES OVER £100K IN SIZE ORDER

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
CFS	Asylum - Shortfall in income (income)	+4,112	CFS	Asylum - potential draw down of residual balance in Corporate Asylum reserve (gross)	-1,122
CFS	SEN Home to School Transport - savings target linked to purchase cards(gross)	+870	CFS	Assessment & Related - additional income for Education for best project (income)	-150
CFS	Other Services Support - Recharges from Legal services (gross)	+461	CFS	KCC Family Support - management of staff vacancies (gross)	-128
CFS	Assessment & Related - delay in achieving savings target (gross)	+264	CFS	Other Services Support - Out of Hours service matched by additional expenditure (income)	-105
CFS	In house Residential Care - increased running costs (gross)	+139			
CFS	Other Services Support - Out of Hours service covered by additional income (gross)	+105			
		+5,950			-1,505

1.1.4 **Actions required to achieve this position:**

eg Management Action achieved to date including vacancy freeze, changes to assessment criteria

We are undertaking a separate monitoring exercise to assess managers' progress towards delivering the agreed 2007-08 savings targets and we will be in a position to provide an update in the next monitoring report.

1.1.5 **Implications for MTFP:**

As part of the 2008-11 MTP exercise, the Directorate will be reviewing its current budget pressures at its senior management team meeting in September. This will include working up robust proposals for dealing with any overspends. Details of these proposals will be reported next month.

1.1.6 **Details of re-phasing of revenue projects:**

None

1.1.7 Details of proposals for residual variance:

The Directorate has started to work up a management action plan to balance the 2007-08 budget and options being considered are listed below for information:

- Reviewing the Sure Start grant rules to see whether it would be possible to re-badge base budget funded expenditure against the predicted underspend on this grant.
- Review of all single occupancy taxi journeys including a tender process. Results will be known later this month.
- We have begun work with Children's Social Services managers to review the three potential areas of concern, independent sector residential care, fostering and adoption.

1.2 CAPITAL

1.2.1 All changes to cash limits are in accordance with the virement rules contained within the constitution and have received the appropriate approval via the Leader or relevant delegated authority.

Cash limits have been adjusted this quarter to reflect:

	2007-08 £000s	2008-09 £000s	2009-10 £000s
<u>Education & School Improvement portfolio:</u>			
▪ Roll forward of the re-phasing from 2006-07	15,602		
▪ Marlowe Innovation Centre – to reflect the full gross cost of the scheme with the additional costs to be funded by external funding from Friends of Marlowe Academy and European Regional Development Fund	953		
▪ Modernisation 2006-08 (Sussex Road School) – additional costs to be funded by external funding from Sorrell Foundation	150		
▪ The Bridge Development, Dartford - to reflect the full cost of developing this innovative new cross-directorate learning campus, funded by developer contributions	76	3,310	1,415
▪ DfES grant allocation for non delegated devolved capital for Pupil Referral Units	246		
Devolved Capital to Schools:			
▪ Roll forward of budgets devolved to schools	12,932		
▪ Reduction in DfES grant for schools devolved capital between actual allocation and budget assumption	-904		
<u>Children & Family Services portfolio:</u>			
▪ Roll forward of the re-phasing from 2006-07	1,094		
▪ Mobile Working Devices for Children's Social Workers - to be fully funded by DfES grant	305		
▪ East Kent Children's Resource Centre – additional external funding from Wooden Spoon, Kent & Medway Towns Fire Authority and Kent Handicapped Caring Association	68		
▪ Swale Kids Projects to be funded by a contribution from Eastern & Coastal Primary Care Trust	15		

1.2.2 **Table 3** below provides a portfolio overview of the latest capital monitoring position.

	Prev Yrs Exp	2007-08	2008-09	2009-10	Future Yrs	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s
Education & School Improvement Portfolio						
Budget	117,714	131,428	92,523	51,765	53,863	447,293
Additions:						
- roll forward		15,602				15,602
- Marlowe Innovation Centre		953				953
- Modernisation 2006-08 (Sussex Rd)		150				150
- Bridge Development		76	3,310	1,415		4,801
- devolved capital for PRUs		246				246
Revised Budget	117,714	148,455	95,833	53,180	53,863	469,045
Variance		-25,421	-3,411	+4,114	-495	-25,213
split:						
- real variance		-4,253	-19,655	-3,185	+1,880	-25,213
- re-phasing		-21,168	+16,244	+7,299	-2,375	0
Children & Family Services Portfolio						
Budget	7,366	5,105	300	350	500	13,621
Additions:						
- roll forward		1,094				1,094
- mobile working devices		305				305
- East Kent Resource Centre		68				68
- Swale Kids Projects		15				15
Revised Budget	7,366	6,587	300	350	500	15,103
Variance		+10	0	0	0	+10
split:						
- real variance		+10	0	0	0	+10
- re-phasing		0	0	0	0	0
Directorate Total						
Revised Budget	125,080	155,042	96,133	53,530	54,363	484,148
Variance	0	-25,411	-3,411	4,114	-495	-25,203
Education & School Improvement Portfolio						
Devolved Capital to Schools						
Revised Budget		39,701	27,673	27,673	55,346	150,393
Variance		0	0	0	0	0
split:						
- real variance		0	0	0	0	0
- re-phasing		0	0	0	0	0
Real Variance						
		-4,243	-19,655	-3,185	+1,880	-25,203
Re-phasing						
		-21,168	+16,244	+7,299	-2,375	0

1.2.3 Main Reasons for Variance

Table 4 below, details all forecast capital variances over £250k in 2007-08 and identifies these between projects which are:

- part of our year on year rolling programmes e.g. maintenance and modernisation;
- projects which have received approval to spend and are underway;
- projects which are only at the approval to plan stage and
- projects at initial planning stage.

The variances are also identified as being either a real variance i.e. real under or overspending which has resourcing implications, or a phasing issue i.e. simply down to a difference in timing compared to the budget assumption.

Each of the variances in excess of £1m which is due to phasing of the project, excluding those projects identified as only being at the initial planning stage, is explained further in section 1.2.4 below.

All real variances are explained in section 1.2.5, together with the resourcing implications.

Table 4: CAPITAL VARIANCES OVER £250K IN SIZE ORDER

portfolio	Project	real/ phasing	Project Status			
			Rolling Programme £'000s	Approval to Spend £'000s	Approval to Plan £'000s	Initial Planning Stage £'000s
Overspends/Projects ahead of schedule						
ESI	The North School, Ashford	Real	+328			
ESI	Dev Opps - Greenfield	Phasing		+264		
ESI	Primary Pathfinder Programme	Real			+250	
			+328	+264	+250	+0
Underspends/Projects behind schedule						
ESI	Dev Opps - Kingsmead	Phasing			-4,000	
ESI	Dev Opps - Folkestone School for Girls	Real				-3,094
ESI	Freshstart - Castle Hill	Phasing		-2,438		
ESI	Dartford Grammar Girls	Phasing	-2,000			
ESI	SSR - The Orchard School	Phasing		-1,723		
ESI	Dev Opps - Darford Campus	Phasing		-1,320		
ESI	Dev Opps - St James the Great	Phasing		-1,237		
ESI	SSR - Rowhill School	Phasing			-979	
	SSR - Rowhill School	Real			-69	
ESI	Dev Opps - Isted Rise	Phasing			-1,000	
ESI	Academies - Minster College	Phasing			-1,000	
ESI	Dev Opps - Axton Chase School	Real				-1,000
ESI	Dev Opps - The Towers School	Phasing				-950
	Dev Opps - The Towers School	Real				-50
ESI	Phoenix Community PS (Mod 06/7/8)	Phasing	-968			
ESI	Dev Opps - Headcorn PS	Phasing			-600	
ESI	Maplesden Noakes (Mod 06/7/8)	Phasing	-582			
ESI	SSR - Milestone School	Real		-553		
ESI	Kennington Juniors (Mod 04/5/6)	Phasing	-551			
ESI	Tovil PS (Archbishop Courtenay)	Phasing	-528			
ESI	SSR - Bower Grove School	Phasing		-406		
ESI	SSR - Ridgeview School	Phasing			-303	
	SSR - Ridgeview School	Real			-98	
ESI	The Wildernesse School (Mod 06/7/8)	Phasing	-400			
ESI	Non Delegated PRU's	Phasing	-387			
ESI	SSR - The Harbour School	Real		-363		
ESI	Crockenhill Primary (Mod 04/5/6)	Phasing	-344			
			-5,760	-8,040	-8,049	-5,094
			-5,432	-7,776	-7,799	-5,094

1.2.4 Projects re-phasing by over £1m:

Several of the projects detailed below are funded partially or entirely by capital receipts. Assumptions have been made regarding the timing of these receipts. If, however, the actual timing

of these receipts differs from our assumptions then we may need to borrow temporarily until the receipt is realised if we cannot manage this short term funding within the overall programme.

1.2.4.1 Kingsmead (Development Opportunities) – slippage £4.0million

This scheme is designed to provide a new 1.5FE school to replace the existing Kingsmead & Diocesan Smith Payne Primary School. The only expenditure that is likely to be incurred in 2007/08 is the site purchase and minimal development costs. The project has slipped by £4m representing 57% of the total value of the scheme. Its start has been delayed due to time taken to agree the purchase of the new site from Canterbury City Council. Until the new facility becomes available, education provision will continue at Kingsmead and Diocesan Smith Payne Primary Schools. The project which was expected to complete in 2007/08 is now expected to become available in August 2009. Until the scheme has been developed and the existing site sold it is assumed that the scheme will be self funding although there is an expectation that the eventual position could require additional funding to be identified. This could be in the order of £2m. Any such cost pressures caused by the delay will be addressed either by management action to deliver compensating savings or by identification of additional funding to contain the overall capital programme within existing cash limits over the medium term.

Revised phasing of the scheme is now as follows:

	Prior Years	2007-08	2008-09	2009-10	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget	10	7,000	0	0	0	7,010
Forecast	10	3,000	2,462	1,538		7,010
Variance	0	-4,000	2,462	1,538	0	0
FUNDING						
Budget:						
supported borrowing	10					10
prudential		7,000	-7,000			0
capital receipts			7,000			7,000
TOTAL	10	7,000	0	0	0	7,010
Forecast:						
supported borrowing	10					10
prudential		3,000	-3,000			0
capital receipts			5,462	1,538		7,000
TOTAL	10	3,000	2,462	1,538	0	7,010
Variance	0	-4,000	2,462	1,538	0	0

1.2.4.2 Castle Hill PS (Freshstart Scheme) – slippage £2.438million

This scheme primarily funded by government grant is designed to provide a replacement facility. It has slipped by £2.438 million representing 65% of the total value of the scheme. It has taken longer than initially planned to develop the scheme to a position whereby Corporate Property can take the scheme forward. It is now with Corporate Property to progress. There will be an impact on the completion date but this will be minimised as we move forward. Education provision during the build/refurbishment, some of which was always planned to be in temporary mobile accommodation, will move forward as planned albeit in a different timescale. The pre tender estimated cost indicates a small overspend on the scheme, for which the precise funding still needs to be identified, but this will be managed within the overall capital programme.

Revised phasing of the scheme is now as follows:

	Prior Years	2007-08	2008-09	2009-10	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget	217	3,544	0	0	0	3,761
Forecast	217	1,106	2,480	40	0	3,843
Variance	0	-2,438	2,480	40	0	82
FUNDING						
Budget:						
grant	217	3,044				3,261
capital receipts		500				500
TOTAL	217	3,544	0	0	0	3,761
Forecast:						
grant	217	1,106	1,938			3,261
capital receipts			500			500
Unidentified			42	40		82
TOTAL	217	1,106	2,480	40	0	3,843
Variance	0	-2,438	2,480	40	0	82

1.2.4.3 Dartford Grammar School for Girls (Basic Need) – slippage £ 2.0million

This scheme is designed to provide the school with a new sports hall & refurbished classrooms and is linked to the main Dartford Campus scheme. It has slipped by £2.0m representing 100% of the total value of the scheme. The project start date has slipped into the next financial year as it cannot begin until the Dartford Campus scheme has finished. Work is expected to start in late 2008 and complete by Christmas 2009. Until the new facility becomes available the School will continue with their current arrangements, inadequate sporting facilities (school hall and small gymnasium) and mobile classrooms, until the new facility becomes available. Until such time as tenders are received we will not know if there will be any financial implications arising from the delay.

Revised phasing of the scheme is now as follows:

	Prior Years	2007-08	2008-09	2009-10	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget	0	2,000	400	0	0	2,400
Forecast	0	0	100	2,300	0	2,400
Variance	0	-2,000	-300	2,300	0	0
FUNDING						
Budget:						
supported borrowing		1,000	400			1,400
capital receipts		1,000				1,000
TOTAL	0	2,000	400	0	0	2,400
Forecast:						
supported borrowing				1,400		1,400
capital receipts			100	900		1,000
TOTAL	0	0	100	2,300	0	2,400
Variance	0	-2,000	-300	2,300	0	0

1.2.4.4 Dartford Campus (Development Opportunities) - slippage £1.320 million

This major scheme provides for replacement secondary, primary and nursery facilities plus Adult Education. It is a complicated scheme funded from a combination of funding sources. Difficulties were encountered obtaining the necessary Section 77 and Schedule 22 approvals (regulations relating to the sale of school playing fields) from the DfES (as then was). The result has been a delay in scheme delivery and an increase in cost. It has slipped by £1.320m representing approximately 7% of the total value of the scheme. Although the Dartford Technology College element of the scheme is not scheduled to complete until November 2008, Westgate Primary School opened in June and the Adult Education and Nursery are scheduled to open in March 2008 and July 2008 respectively. Current education provision will continue in its current format until the new facilities become available. The financial implications of this delay and disruption are forecast to add £3m to the overall cost of the scheme which will be addressed by a combination of management action elsewhere in the programme and the identification of additional capital receipts.

Revised phasing of the scheme is now as follows.

	Prior Years	2007-08	2008-09	2009-10	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget	9,060	9,348	1,500	92	0	20,000
Forecast	9,060	8,028	5,912	0	0	23,000
Variance	0	-1,320	4,412	-92	0	3,000
FUNDING						
Budget:						
supported borrowing	5,846	1,526		92		7,464
grant	1,500	3,000	1,500			6,000
capital receipts	1,714	4,822				6,536
TOTAL	9,060	9,348	1,500	92	0	20,000
Forecast:						
supported borrowing	5,846	206	1,412			7,464
grant	1,500	3,000	1,500			6,000
capital receipts/unidentified	1,714	4,822	3,000			9,536
TOTAL	9,060	8,028	5,912	0	0	23,000
Variance	0	-1,320	4,412	-92	0	3,000

1.2.4.5 The Orchard School (Special Schools Review) – slippage £1.723 million

The review of special schools in Kent, of which the Orchard School project is just one, reflects the commitment of the County Council to continue to provide parents with the potential to choose special school education for their child as close as possible to the family home.

The Orchard School's former designation was for 108 boys and girls aged between 5-16 with moderate learning difficulties. The school was re-designated in September 2004 to become a 5-16 day provision for 96 boys and girls with a combination of Behaviour and Learning needs (which includes up to 12 primary aged pupils with Behavioural, Emotional and Social need). The work comprises of a mixture of new-build and refurbishment to the main part of the school and two satellite centres for primary aged pupils, one in south Ashford and the other location to be determined. The scheme, which is at approval to plan stage, has slipped by £1.723m representing 29% of the total value of the scheme. The slippage from 2007/08 to 2008/09 is due to the satellite centres for Primary aged pupils being on hold. Delay to the programme of works will not significantly impact on the function of the school.

Revised phasing of the scheme is now as follows.

	Prior Years	2007-08	2008-09	2009-10	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget	940	4,108	862	40	0	5,950
Forecast	940	2,385	2,636	0	0	5,961
Variance	0	-1,723	1,774	-40	0	11
FUNDING						
Budget:						
supported borrowing	905		862	40		1,807
prudential/revenue		139				139
capital receipts	35	3,969				4,004
TOTAL	940	4,108	862	40	0	5,950
Forecast:						
supported borrowing	905		902			1,807
prudential/revenue			139			139
capital receipts	35	2,385	1,584			4,004
unidentified			11			11
TOTAL	940	2,385	2,636	0	0	5,961
Variance	0	-1,723	+1,774	-40	0	+11

1.2.4.6 St James the Great Primary School (Development Opportunities) – slippage £1.237 million

This scheme is a self funding replacement primary school scheme. It has slipped by £1.237m representing 47% of the total value of the scheme. The scheme was unexpectedly delayed by an objection from English Heritage. This has now been resolved and the scheme is progressing. Although the project will not be starting as early as expected we still expect the completion date of September 2008 to be achieved. Until such time as tenders are received we will not know if there will be any financial implications arising from the delay.

Revised phasing of the scheme is now as follows.

	Prior Years	2007-08	2008-09	2009-10	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget	116	1,900	600	0	0	2,616
Forecast	116	663	1,824	13	0	2,616
Variance	0	-1,237	1,224	13	0	0
FUNDING						
Budget:						
supported borrowing	116					116
prudential		-150				-150
capital receipts		2,050	600			2,650
TOTAL	116	1,900	600	0	0	2,616
Forecast:						
supported borrowing	116					116
prudential		-150				-150
capital receipts		813	1,824	13		2,650
TOTAL	116	663	1,824	13	0	2,616
Variance	0	-1,237	1,224	13	0	0

1.2.4.7 Istead Rise (Development Opportunities – slippage £1.0 million

This is a self funding replacement 1.5 FE primary school scheme which is planned to bring together the junior and infant elements into the same building. The scheme has slipped by £1.0m representing 25% of the total scheme value. The slippage has been caused by the school being unhappy with the original feasibility. A revised feasibility has been completed and the school are currently considering the proposals. Because of the delay, the completion date is now expected to be August 2009 rather than completion during 2008/09. The School will continue in its present split site format until the proposed provision becomes available. Until such time as tenders are received and appraised we will not know if there will be any financial implications arising from the delay.

	Prior Years	2007-08	2008-09	2009-10	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget	0	1,100	2,750	150	0	4,000
Forecast		100	2,900	1,000	0	4,000
Variance	0	-1,000	150	850	0	0
FUNDING						
Budget:						
prudential		1,100	-1,100			0
capital receipts			3,850	150		4,000
TOTAL	0	1,100	2,750	150	0	4,000
Forecast:						
prudential		100	-100			0
capital receipts		0	3,000	1,000		4,000
TOTAL	0	100	2,900	1,000	0	4,000
Variance	0	-1,000	150	850	0	0

1.2.4.8 Minster School (Academies) – slippage £1.0 million

This is an Academy scheme scheduled for the Isle of Sheppey. It has slipped by £1.0m representing 100% of the total value of the scheme. The scheme has slipped as a result of the Secretary of States decision to have an independent review of the planned provision undertaken in light of objections. Agreement has recently been agreed between the Secretary of State and the Leader as to the way forward which is to site the Academy at both Minster College and Cheyne Middle School. Other than the delay there are no financial implications as the £1.0m is KCC's sponsorship to the Academy project.

	Prior Years	2007-08	2008-09	2009-10	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget	0	1,000	0	0	0	1,000
Forecast	0	0	1,000	0	0	1,000
Variance	0	-1,000	1,000	0	0	0
FUNDING						
Budget:						
capital receipts		1,000				1,000
TOTAL	0	1,000	0	0	0	1,000
Forecast:						
capital receipts		0	1,000			1,000
TOTAL	0	0	1,000	0	0	1,000
Variance	0	-1,000	1,000	0	0	0

1.2.5 Projects with real variances

The overall variance over the lifetime of the Medium Term Plan indicates an underspend of £25.213m. However an overspend of £0.572m on the Modernisation project at Crockenhill Primary School will be met by an additional contribution from the land disposal of Red House and Garages which form part of the school site. The receipt is expected to be £0.7m with the extra income contributing to other programme pressures.

After allowing for this additional funding the true underlying variance on the Education & School Improvement portfolio is a saving of £25.913m. The main contributing factors are as follows:

Savings:

- The Development Opportunity projects at Axton Chase School (£20m) and Folkestone School for Girls (£9.1m), where both projects are at initial planning stage, are on hold.
- Lesser savings have been achieved on the following: Development Opportunity projects at Greenfields (£0.274m) and Newington (£0.134m) where costs are now estimated to be less than the approved cash limits plus ICT replacement costs (£0.150m) where the budget manager is confident that savings against cash limit can be made.
- Although in Table 4 there are several Special Schools Review projects (SSR) that are showing real savings in 2007/08, there are pressures on other SSR projects in future years. Over the lifetime of the programme we expect to remain within the overall cash limit.

Overspends - There are a number of overspends which offset the savings listed above:

- Dartford Campus (£3.0m) - see template & reason at 1.2.4.4 above.
- An overspend on The North School, Ashford project (£0.328m) which is partly due to indexation costs and partly due to a lump sum life cycle contribution which wasn't previously forecast.
- There is also an overspend, estimated to be £0.250m on the Primary Pathfinder Programme where there is a need for development costs to be incurred in 2007/08 ahead of government funding which comes on stream in 2008/09.

Overall this leaves a residual balance of +£0.167m on a number of more minor projects.

1.2.6 General Overview of capital programme:

(a) Risks

The major risk remains those that were associated with the programme when it was approved, namely that a number of projects are wholly or partly dependant on capital receipts and/or external funding and if this funding is not achieved the projects will not proceed. This is particularly relevant to The Bridge Development at Dartford which has been increased from £3.699m to £8.5m and is to be fully funded by development contributions. In the event that the developer contribution is insufficient to cover the costs of the project the capital programme will either need to be reduced to compensate or additional resources will need to be found.

(b) Details of action being taken to alleviate risks

If external funding/capital receipts are not realised and this shortfall cannot be managed within the capital programme, then Members would be asked to consider the cancellation of projects.

1.2.7 PFI projects

- Schools PFI

The £92.4m investment in the Schools PFI project represents investment by a third party. No payment is made by KCC for the new/refurbished assets until the assets are ready for use and this is by way of a unitary charge to the revenue budget through an equalisation reserve.

	Previous Years	2007-08	2008-09	2009-10	Total
	£'000s	£'000s	£'000s	£'000s	£'000s
Budget	89,709	2,701	0	0	92,410
Actual/Forecast	85,735	6,675	0	0	92,410
Variance	-3,974	3,974	0	0	0

(a) **Progress and details of whether costings are still as planned (for the 3rd party)**

It is envisaged that the third party contractor will have incurred some additional costs beyond the capital expenditure originally priced as a result of the delays. This is a risk that is borne entirely by the third party contractor and is not reported to the Authority.

(b) **Implications for KCC of details reported in (a) ie could an increase in the cost result in a change to the unitary charge ?**

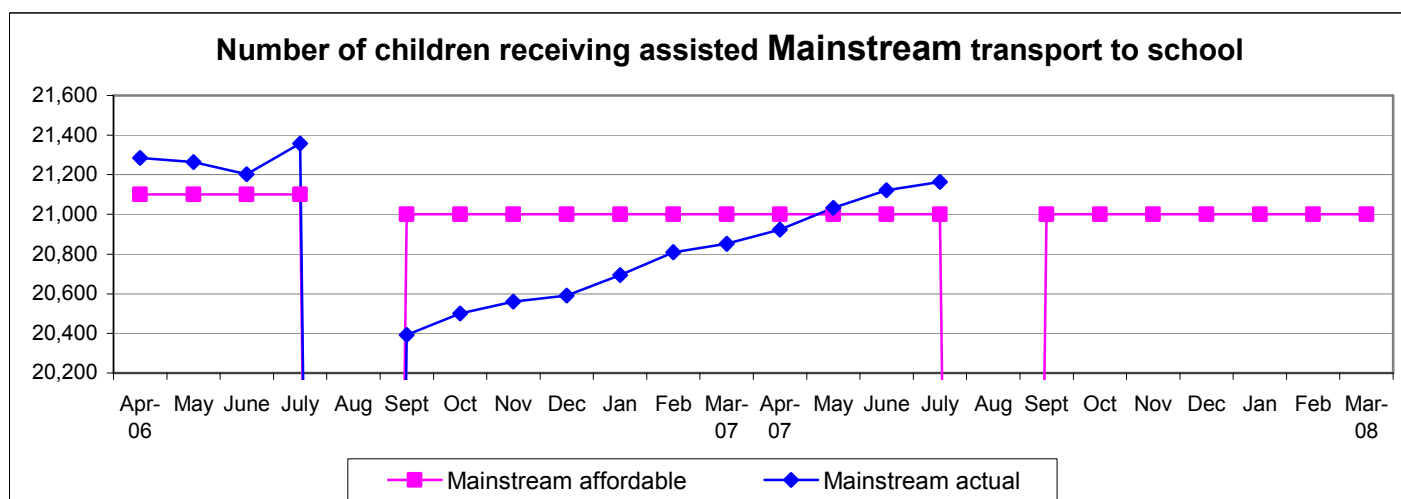
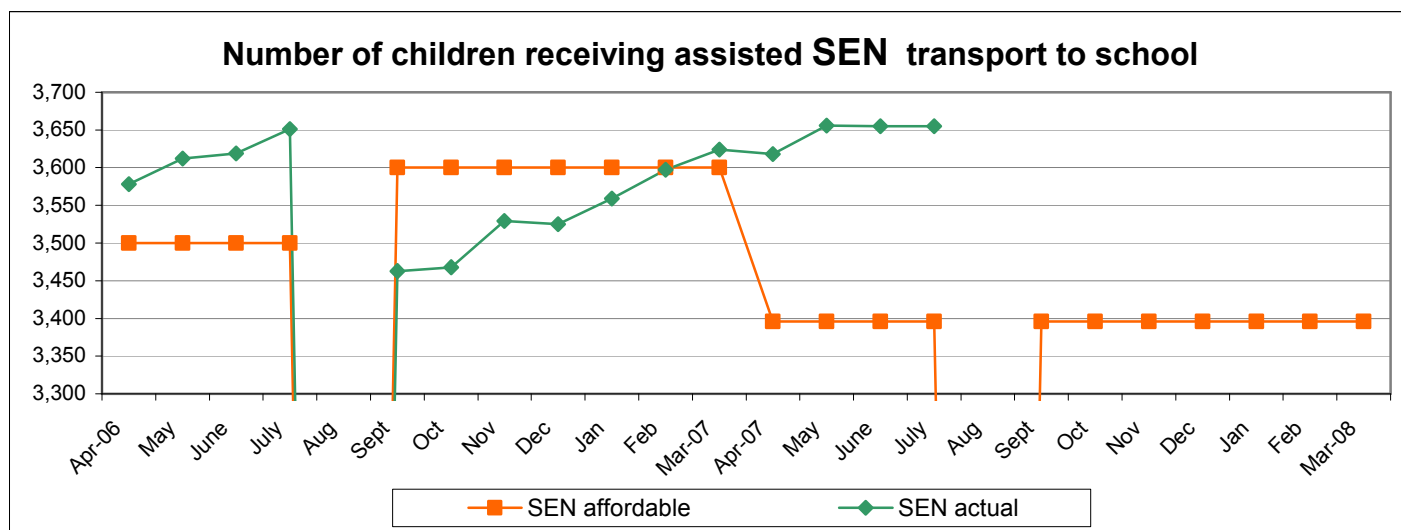
The delays to the construction programme do not impact on the level of the unitary charge that is payable by KCC to the contractor as any delays, unless caused by the Authority, are at the risk of the third party contractor. The unitary charge (as a percentage for each school) does not become payable until the relevant school has been completed and is ready for occupation. As a consequence, the revenue expenditure that is met from the equalisation reserve for 2006/07 and 2007/08 is less than expected.

Overall, there will be no net effect on the forecast revenue position for the current year as payments will continue to be made into the equalisation reserve to meet future expenditure.

2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

2.1 Numbers of children receiving assisted SEN and Mainstream transport to school:

	2006-07				2007-08			
	SEN		Mainstream		SEN		Mainstream	
	planned	actual	planned	actual	affordable	actual	Affordable	actual
April	3,500	3,578	21,100	21,285	3,396	3,618	21,000	20,923
May	3,500	3,612	21,100	21,264	3,396	3,656	21,000	21,032
June	3,500	3,619	21,100	21,202	3,396	3,655	21,000	21,121
July	3,500	3,651	21,100	21,358	3,396	3,655	21,000	21,164
August	0	0	0	0			0	
September	3,600	3,463	21,000	20,392	3,396		21,000	
October	3,600	3,468	21,000	20,501	3,396		21,000	
November	3,600	3,529	21,000	20,561	3,396		21,000	
December	3,600	3,525	21,000	20,591	3,396		21,000	
January	3,600	3,559	21,000	20,694	3,396		21,000	
February	3,600	3,597	21,000	20,810	3,396		21,000	
March	3,600	3,624	21,000	20,852	3,396		21,000	

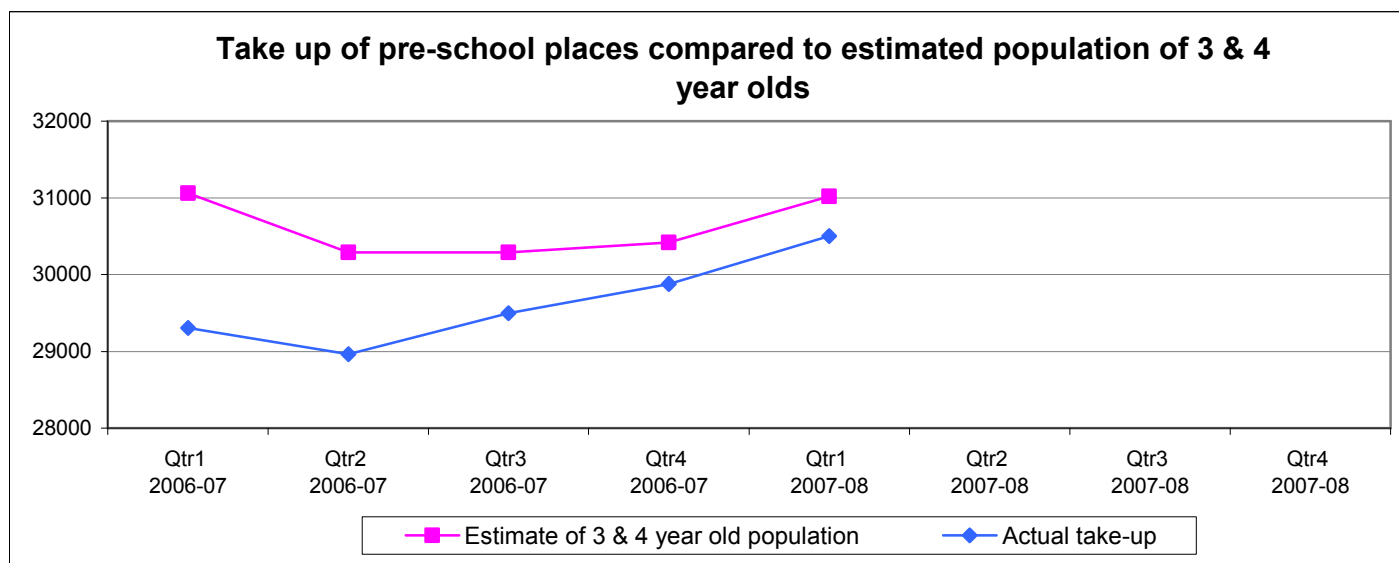


Comments:

- **SEN HTST** - The significant gap between the actual and affordable assisted SEN transport to school relates to the savings targets which have significantly reduced the affordable level from last year. The affordable level has been calculated by dividing the 2007/08 budget (after it has been reduced for the savings target) by the current average cost per child.
- **Mainstream HTST** - There is a slight increase on the actual number of children receiving assisted mainstream transport to schools and this is reflected by the £32k pressure shown in table 1 above.

2.2.1 Take up of pre-school places against the estimate of 3 & 4 year old population, split between Private Voluntary and Independent Sector (PVI) places and School places:

	2006-07			2007-08				
	Total places taken up	Estimate of 3 & 4 year old population	% take up	PVI places taken up	School places taken up	Total places taken up	Estimate of 3 & 4 year old population	% take up
April - June	29,307	31,062	94%	21,027	9,475	30,502	31,019	98%
July - Sept	28,963	30,287	96%					
Oct - Dec	29,498	30,289	97%					
Jan - March	29,878	30,419	98%					

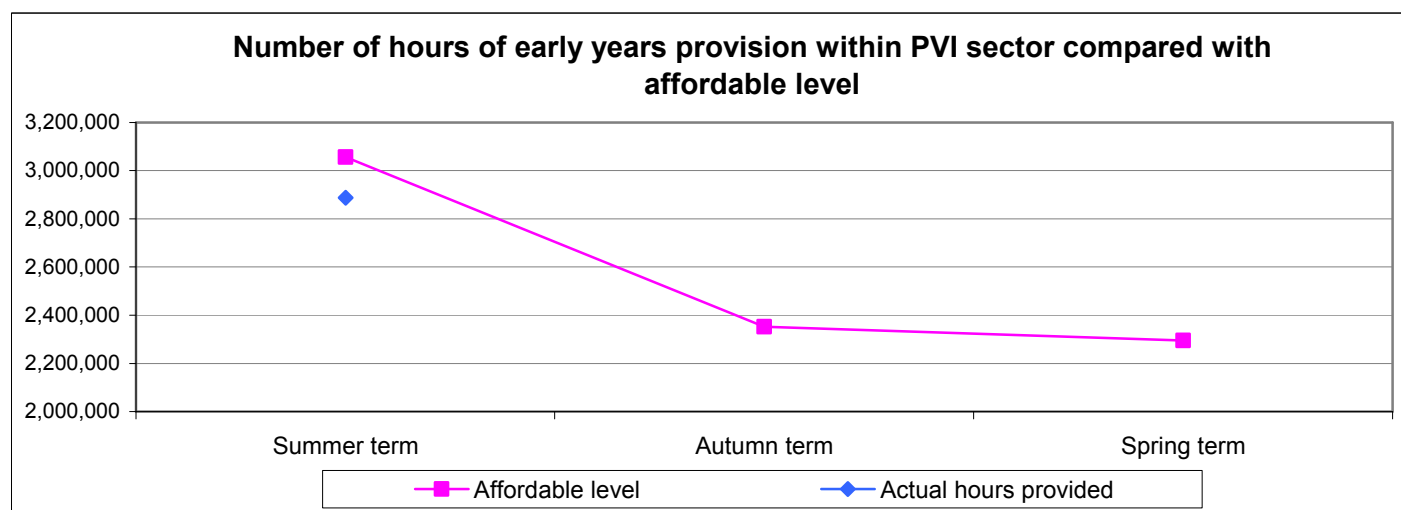


Comments:

- This graph shows that currently 98% of the estimated population of 3 and 4 year olds are receiving some level of early years provision, whether this be one session per week for 33 weeks or the maximum of five sessions per week for the full 38 weeks. This activity indicator is based on headcount and provides a snapshot position at a point in time, whereas the activity data in 2.2.2 below provides details of the number of hours provided in the Private, Voluntary & Independent sector, and will correlate with the variance on the Early Years budget within the Management Information Unit. However as this budget is funded entirely from DSG, any surplus or deficit at the end of the year must be carried forward to the next financial year in accordance with the regulations, and cannot be used to offset over or underspends elsewhere in the directorate budget. Therefore, as any unspent Early Years funding has to be returned to schools, at year end any underspend will be transferred to the schools unallocated reserve for DSG and hence is not included in the overall directorate forecast shown in table 1, but will be reported in the narrative in section 1.1.3 of this annex.

2.2.2 Number of hours of early years provision provided to 3 & 4 year olds within the Private, Voluntary & Independent Sector compared with the affordable level:

	2007-08	
	Affordable number of hours	Actual hours provided
Summer term	3,056,554	2,887,134
Autumn term	2,352,089	
Spring term	2,294,845	
	7,703,488	2,887,134



Comments:

- The affordable number of hours per term is based on an assumed level of take-up and the assumed number of weeks the providers are open. The variation between the terms is due to two reasons: firstly, the movement of 4 year olds at the start of the Autumn term into reception year in mainstream schools; and secondly, the terms do not have the same number of weeks.
- The current activity suggests an underspend on this budget which has been mentioned in section 1.1.3.8 of this annex.
- It should be noted that not all parents currently take up their full entitlement and this can change during the year.

2.3 Number of schools with deficit budgets compared with the total number of schools:

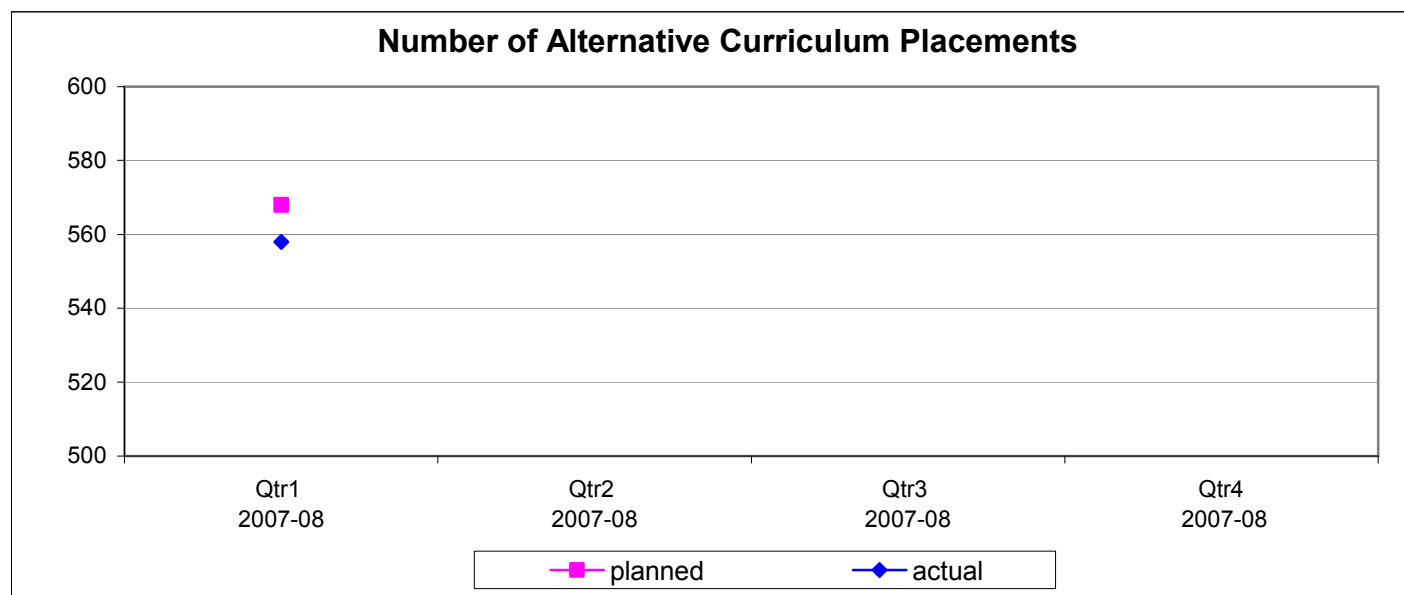
	2005-06	2006-07	2007-08
	as at 31-3-06	as at 31-3-07	Projection
Total number of schools	600	596	575
Total value of school revenue reserves	£70,657k	£74,376k	£74,376k
Number of deficit schools	9	15	14
Total value of deficits	£947k	£1,426k	£1,132.3k

Comments:

- KCC now has a “no deficit” policy for schools, which means that schools cannot plan for a deficit budget at the start of the year. Unplanned deficits will need to be addressed in the following year’s budget plan, and schools that incur unplanned deficits in successive years will be subject to intervention by the LA, which could ultimately mean suspending delegation.
- The CFE Deficit and Compliance team are working with all schools currently reporting a deficit with the aim of returning the schools to a balanced budget position as soon as possible. This involves agreeing a management action plan with each school.

2.4 Number of Alternative Curriculum Placements

	2007-08	
	planned	actual
April - June	568	558
July - September		
October - December		
January - March		

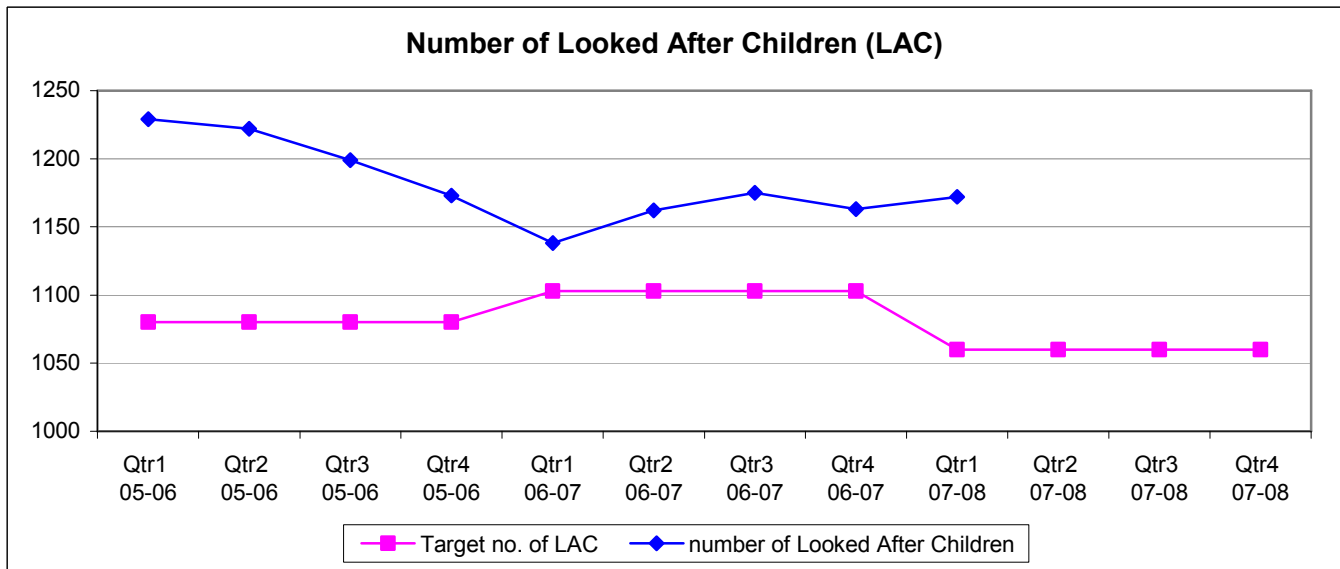


Comments:

- Full time alternative curriculum places need to be purchased 6 months in advance in order to secure them. From September 2007, new Government guidelines require excluded pupils to be placed in full-time education within 6 days of being excluded. The vast majority of excluded pupils are currently placed in alternative curriculum provision within 10 days, but the service is expected to meet the new target.
- The number of planned places will change in September 2007 when the new academic year's places are purchased. The above graph will be updated accordingly.

2.5 Numbers of Looked After Children (LAC):

	2005-06		2006-07		2007-08	
	Target	number of Looked After Children	Target	number of Looked After Children	Target	number of Looked After Children
Apr – Jun	1,080	1,229	1,103	1,138	1,060	1,172
Jul – Sep	1,080	1,222	1,103	1,162	1,060	
Oct – Dec	1,080	1,199	1,103	1,175	1,060	
Jan – Mar	1,080	1,173	1,103	1,163	1,060	

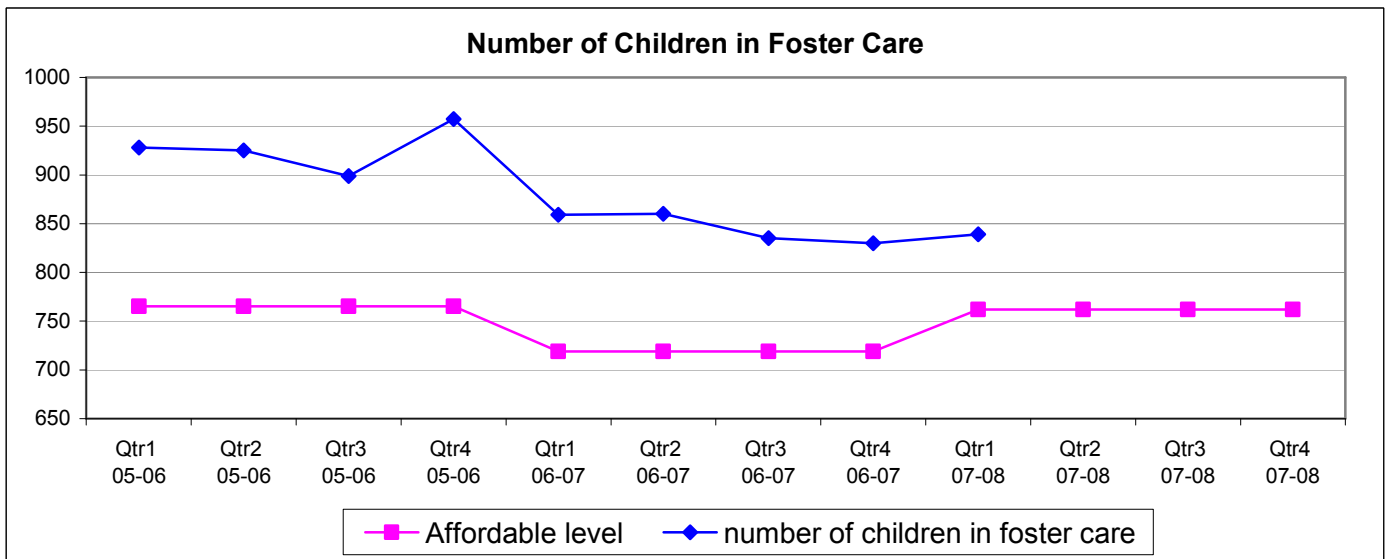


Comments:

- The current number of looked after children compared to the targeted level is of cause for concern. A piece of work has started to look in detail at the associated budget lines and any financial implications will be reported next month.

2.6 Number of Children in Foster Care:

	2005-06		2006-07		2007-08	
	Target	number of children in foster care	Target	number of children in foster care	Target	number of children in foster care
Apr - Jun	765	928	719	859	762	839
Jul - Sep	765	925	719	860	762	
Oct - Dec	765	899	719	835	762	
Jan - Mar	765	957	719	830	762	



Comments:

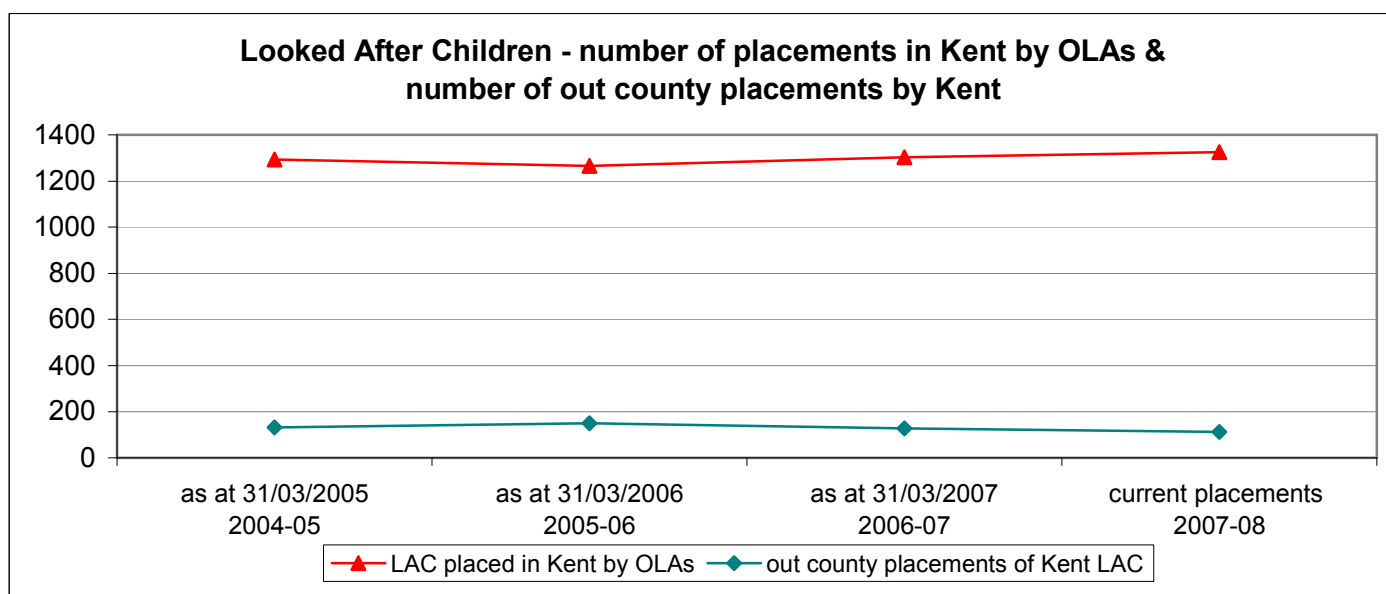
- The current number of children in foster care compared to the target is of cause for concern. A piece of work has started to look in detail at this budget and any financial implications will be reported next month.

2.7 Number of Placements in Kent of LAC by other Authorities:

2004-05 as at 31/03/2005	2005-06 as at 31/03/2006	2006-07 as at 31/03/2007	2007-08 Current placements
1,294	1,266	1,303	1,325

2.8 Number of Out County Placements of LAC by Kent:

2004-05 as at 31/03/2005	2005-06 as at 31/03/2006	2006-07 As at 31/03/2007	2007-08 Current placements
132	149	127	112

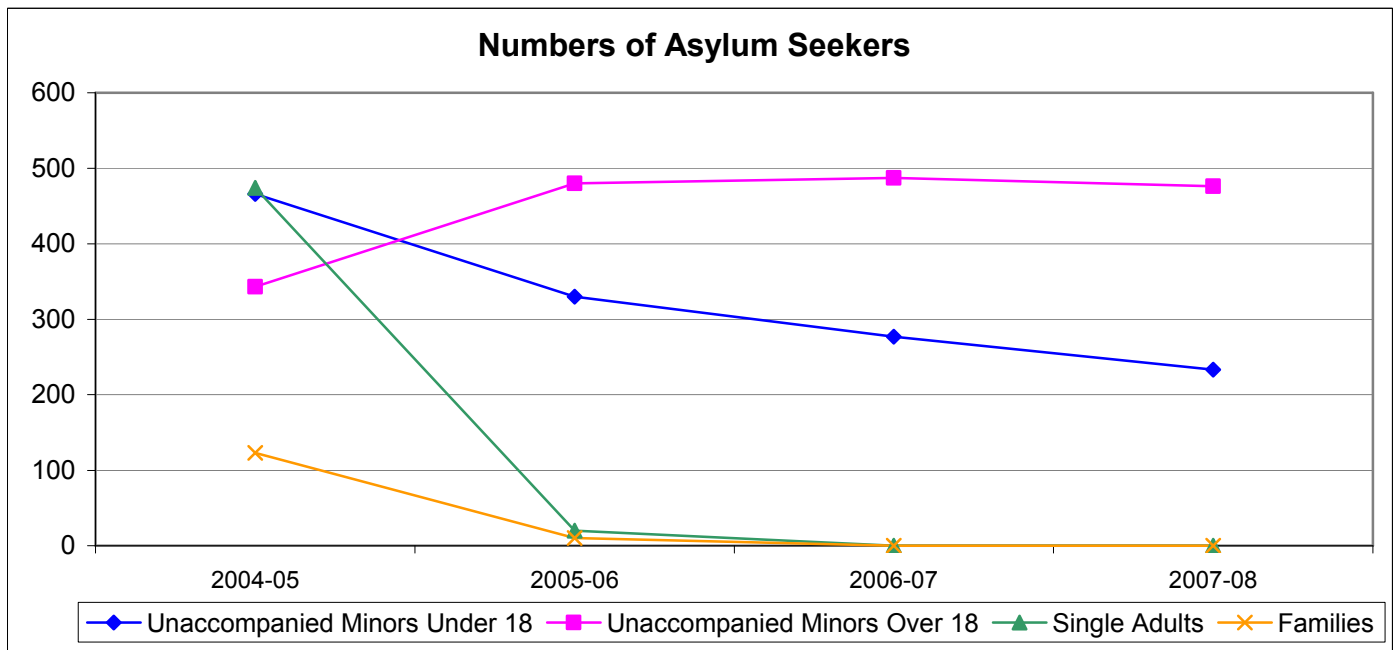


Comment:

- Children Looked After by KCC may on occasion be placed out of the County, which is undertaken using practice protocols that ensure that all long-distance placements are justified and in the interests of the child. All Looked After Children are subject to regular statutory reviews (at least twice a year), which ensures that a regular review of the child's care plan is undertaken. The majority (over 99%) of Looked After Children placed out of the Authority are either in adoptive placements, placed with a relative, specialist residential provision not available in Kent or living with KCC foster carers based in Medway.

2.9 Numbers of Asylum Seekers (by category):

	2004-05	2005-06	2006-07	2007-08
	31-03-05	31-03-06	31-03-07	30-06-07
	Number	Number	Number	Number
Unaccompanied Minors Under 18	466	330	277	233
Unaccompanied Minors Over 18	343	480	487	476
Single Adults	474	20	0	0
Families	123	10	0	0

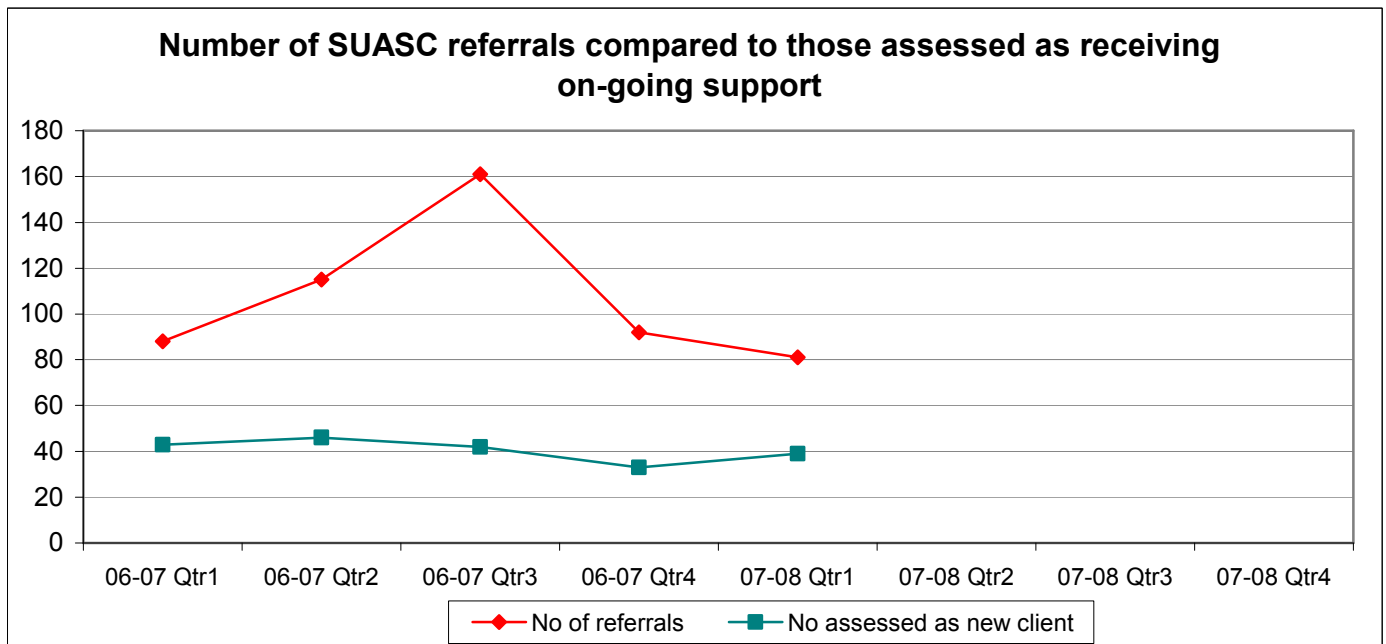


Comment:

- The numbers above refer to clients who have been assessed as qualifying for asylum. The numbers have reduced in line with expectation.

2.10 **Numbers of Asylum Seeker referrals compared with the number assessed as qualifying for on-going support from Service for Unaccompanied Asylum Seeking Children (SUASC) ie new clients:**

	2006-07			2007-08		
	No. of referrals	No. assessed as new client	%	No. of referrals	No. assessed as new client	%
April - June	88	43	49%	81	39	48%
July - Sept	115	46	40%			
Oct - Dec	161	42	26%			
Jan - March	92	33	36%			



Comments:

- The number of referrals in the first quarter is slightly below forecast (90) and the same period last year (88). The percentage of referrals that become on-going referrals has risen to almost the forecast level of 50%.

KENT ADULT SOCIAL SERVICES DIRECTORATE SUMMARY JULY 2007-08 FULL MONITORING REPORT

1. FINANCE

1.1 REVENUE

1.1.1 All changes to cash limits are in accordance with the virement rules contained within the constitution, with the exception of those cash limit adjustments which are considered “technical adjustments” ie where there is no change in policy, including:

- Allocation of grants and previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process.
- This quarter cash limits have been adjusted to reflect a number of technical adjustments to budget, including the apportionment of -£0.170m of the e-recruitment saving from the Corporate Support portfolio and £0.061m of the provision for Kent Scheme revision from the Finance portfolio and the addition of -£1.001m of roll forward from 2006-07, as agreed by Cabinet on 16 July 2007.

1.1.2 **Table 1** below details the revenue position by Service Unit:

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Adult Services portfolio							
Older People	167,714	-67,874	99,840	2,955	-2,110	845	Demographic and placement pressures
People with a Learning Difficulty	72,533	-20,623	51,910	1,871	1,071	2,942	Demographic and placement pressures
People with a Physical Disability	26,595	-6,705	19,890	396	491	887	Demographic and placement pressures
Adults Assessment & Related	29,380	-4,902	24,479	-264	0	-264	Management action around staffing
Older Persons Direct Service Unit	24,377	-3,712	20,665	686	-165	521	Single status and agency costs
Adult Service Provider Unit	13,942	-637	13,305	0	0	0	
SESEU	2,253	-602	1,651	-47	23	-24	
Occupational Therapy Bureau	9,422	-2,933	6,489	743	-844	-101	Release of provision for replacement hoists
Mental Health Service	22,992	-7,091	15,901	193	228	421	Residential placement pressures
Supporting People	33,006	-33,006	0	0	0	0	
Gypsy Unit	626	-280	346	0	0	0	
Asylum All Appeal Rights Exhausted	100	0	100	0	0	0	
Strategic & Area Management	649	-3	646	2	0	2	
Performance, Contracting & Planning	7,098	-1,736	5,362	-439	-30	-469	Management action around staffing
Training, Duty & Support	15,618	-4,240	11,378	-1,209	41	-1,168	Staff savings, training budget and facilities
Total Adult Services controllable	426,305	-154,345	271,960	4,887	-1,295	3,592	

1.1.3 Major Reasons for Variance:

Table 2, at the end of this section, details all forecast revenue variances over £100k. Each of these variances is explained further below:

1.1.3.1 General Comment

The current forecast position is a result of demographic pressures, specific to Adult Services and in common with other local authorities in the region.

1.1.3.2 Older People (+£845k)

Whilst residential client numbers are relatively static, this is not true of higher cost nursing placements, due principally to demand pressures and throughput in the NHS, together with some bed closures in acute and community hospitals. The directorate is forecasting a £1,391k pressure against residential and nursing budgets. This also includes pressure on commissioning budgets arising from delays in opening Broadmeadow.

There is a £1,711k pressure against domiciliary care owing to the fact that budget of around £2,000k was transferred to direct payment lines to meet targeted levels, but there appears to have been little corresponding reduction in domiciliary activity, due to general demand and demographic pressures.

Pressure against direct payments is to some extent met by a corresponding reduction in day care.

In line with the pressure against expenditure budgets, the directorate is forecasting £2,525k of additional income across all Older People headings. Budgets will be realigned later in the year. Offset against this, the directorate has recently been subject to an Ombudsman decision in relation to our 'fairer charging' practices, specifically that we backdate charges to the date that a service starts and not to the date of notification of the charge to the client. We have given an undertaking to ensure that our practices comply with the guidance. Initial indications are that this is likely to cost around £450k per annum, with an estimated £250k part year pressure in the current year.

1.1.3.3 People with Learning Disabilities (+£2,942k)

There has been a continuation in both demographic and placement price pressures, in excess of budgeted levels, across all headings. This relates to more clients coming through transition ie. young adults transferring from Children's Services, with significantly increased levels of complex need, together with the trend for people to live longer, where we are seeing increasing numbers of learning disabled clients over the age of 65.

Pressure against direct payments is to some extent met by a corresponding reduction in day care.

1.1.3.4 People with Physical Disabilities (+£887k)

The principal reason for the forecast pressure is the increase in direct payments, which appears not to have been offset by a corresponding reduction in domiciliary and other costs. There are also demand and demographic pressures against residential care budgets and supported accommodation.

Pressure against direct payments is to some extent met by a corresponding reduction in day care.

1.1.3.5 Assessment & Related (-£264k)

As in previous years, management action around staffing vacancies has been implemented to fund pressure elsewhere within the budget, but the extent to which this strategy can be employed has been restricted by the recent budget reductions to reflect the MTFP modernisation savings, which has delivered a reduction in headcount.

1.1.3.6 Older People Direct Services Unit (+£521k)

This is primarily a result of staffing pressures, arising in part from the difficulties in accurately forecasting the impact of single status due to the differences in pay rates and shift patterns, but also due to the continuing need to cover sickness and other absence with agency staff in order to meet care standards set by the regulator (Commission for Social Care Inspection).

1.1.3.7 Adult Services Provider Unit (+£0k)

Savings arising from the closure of Crispe House have been transferred to commissioning budgets to fund the cost of re-provision in the private sector.

1.1.3.8 Supported Employment & Social Economy Unit (SESEU) (-£24k)

Slight underspend forecast against staffing budgets.

1.1.3.9 Occupational Therapy Bureau (-£101k)

Comment: A £100k provision was created at the end of 2006-07 to fund the bulk replacement of hoists on health and safety grounds. The OTB has reported that it can absorb this pressure within the existing budget, thus allowing the provision to be released as an underspend.

1.1.3.10 Mental Health (+£421k)

Principally demographic and placement price pressures impacting on the provision of residential care, together with some pressure against domiciliary care budgets.

1.1.3.11 Other (-£1,637k)

Principally relates to management action around staffing vacancies, but there are some specific savings including:

- £500k management action against training.
- £126k contribution from district councils towards the legal costs associated with PFI schemes.
- £112k part year savings on the establishment of systems support team.
- £111k underspending across the directorates facilities budgets.

Table 2: REVENUE VARIANCES OVER £100K IN SIZE ORDER

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
KASS	Older People Domiciliary Exp.	+1,711	KASS	Older People Income	-2,525
KASS	Older People Residential and Nursing Care	+1,391	KASS	Learning Disability Domiciliary Exp.	-632
KASS	Learning Disability Residential Inc.	+927	KASS	Underspend against Training Grant	-500
KASS	Learning Disability Independent	+760	KASS	Learning Disability Day Care Exp.	-318
KASS	Learning Disability Supported Accommodation	+735	KASS	Area Contracts & Planning Teams - Management action around staffing	-305
KASS	Learning Disability Direct Payments	+722	KASS	Physical Disability Residential Exp.	-292
KASS	Physical Disability Direct Payments	+605	KASS	Assessment & Related - Management action around staffing	-264
KASS	Older Persons Direct Services Unit - Staffing Budget	+455	KASS	Finance & Resources - Management action around staffing	-220
KASS	Physical Disability Residential Care Income	+424	KASS	HQ Policy and Performance - Management action around staffing	-204
KASS	Mental Health Residential Care	+384	KASS	Older People Day Care Spend	-187
KASS	Learning Disability Residential Exp.	+286	KASS	Physical Disability Day Care Exp.	-126
KASS	Part year impact of 'fairer charging' decision by Ombudsman	+250	KASS	Forecast income from District Councils towards costs of PFI	-126
KASS	Learning Disability Day Opportunities	+208	KASS	Part year saving on establishment of SRP Systems Support Team	-112
KASS	Learning Disability Group Homes	+207	KASS	Underspending against Office Accommodation budgets	-111
KASS	Physical Disability Supported Accommodation	+194	KASS	Occupational Therapy Bureau - Provision for Replacement Hoists	-100
KASS	Older People Direct Payments	+134			
KASS	Mental Health Domiciliary	+105			
		+9,498			-6,022

1.1.4 **Actions required to achieve this position:**

Significant action around managing vacancies is already reflected in this forecast position, however the directorate is working on detailed management action plans designed to bring the directorate to a breakeven position and these should be finalised and reported in the next monitoring return.

1.1.5 Implications for MTFP:

At this stage the Medium Term Financial Plan for future years assumes that we will reach a breakeven position in the current year.

1.1.6 Details of re-phasing of revenue projects:

No revenue projects have been rephased.

1.1.7 Details of proposals for residual variance:

See 1.1.4 above.

1.2 CAPITAL

1.2.2 All changes to cash limits are in accordance with the virement rules contained within the constitution and have received the appropriate approval via the Leader or relevant delegated authority.

Cash limits have been adjusted this quarter to reflect:

	2007-08 £000s 1,182
▪ Roll forward of the re-phasing from 2006-07	
▪ The modernisation of Learning Disability Day Services in the Sevenoaks Area to be funded by part of the capital receipt from the sale of the Horizons/Mountwood site:	
• Adaptations to Edenbridge Leisure Centre	80
• New Edenbridge Community Centre	209

1.2.2 **Table 3** below provides a portfolio overview of the latest capital monitoring position.

	Prev Yrs Exp	2007-08	2008-09	2009-10	Future Yrs	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s
Kent Adult Social Services portfolio						
Budget	18,398	9,592	5,786	1,794	4,687	40,257
Additions:						
- roll forward		1,182				1,182
- Edenbridge Leisure Centre		80				80
- Edenbridge Community Centre		209				209
Revised Budget	18,398	11,063	5,786	1,794	4,687	41,728
Variance		-3,506	-827	2,673	1,810	150
split:						
- real variance		+150				+150
- re-phasing		-3,656	-827	+2,673	+1,810	0
Real Variance		+150	0	0	0	+150
Re-phasing		-3,656	-827	+2,673	+1,810	0

1.2.3 Main Reasons for Variance

Table 4 below, details all forecast capital variances over £250k in 2007-08 and identifies these between projects which are:

- part of our year on year rolling programmes e.g. maintenance and modernisation;
- projects which have received approval to spend and are underway;
- projects which are only at the approval to plan stage and
- projects at initial planning stage.

The variances are also identified as being either a real variance i.e. real under or overspending which has resourcing implications, or a phasing issue i.e. simply down to a difference in timing compared to the budget assumption.

Each of the variances in excess of £1m which is due to phasing of the project, excluding those projects identified as only being at the initial planning stage, is explained further in section 1.2.4 below.

All real variances are explained in section 1.2.5, together with the resourcing implications.

Table 4: CAPITAL VARIANCES OVER £250K IN SIZE ORDER

portfolio	Project	real/ phasing	Project Status			
			Rolling Programme	Approval to Spend	Approval to Plan	Initial Planning Stage
			£'000s	£'000s	£'000s	£'000s
Overspends/Projects ahead of schedule						
			+0	+0	+0	+0
Underspends/Projects behind schedule						
KASS	Dartford Town Centre project	Phasing			-2,897	
KASS	Princess Christian Farm	Phasing			-550	
			0	0	-3,447	0
			+0	+0	-3,447	+0

1.2.4 Projects re-phasing by over £1m:

1.2.4.1 Social & Healthcare Centre in Dartford Town Centre – slippage £2.9 million

The Dartford Town Centre project is a Health and Social Care Centre aiming to relocate and modernise a number of existing day care services into a new building incorporating voluntary services, independent living flats, social enterprise and potentially health care services.

It has been delayed due to the land predicated for the site not having yet been marketed by its owner. Planning surrounding this project has been generally delayed due to rejection of the major Lowfield Street regeneration application. The redevelopment of Dartford town centre is being reviewed by Dartford Borough Council (DBC) with consultation anticipated in the autumn. An alternative site is being investigated in conjunction with DBC. It is not clear, to KASS or DBC, when land will be available but the following estimates assume July 2008, a delay of 21 months.

Consequently its costs are estimated to have slipped by £1.8m within the period 2007/8 to 2009/10, representing 33% of total costs of the scheme. Completion is estimated to have slipped by 21 months to August 2010. Services will be provided from existing or temporary locations until completion within current revenue budgets.

The project is funded by a mix of allocated back-to-back receipts and developer contributions. It is anticipated back-to-back receipts will be obtained before significant expenditure commences. It is expected Dartford planning issues will also delay the anticipated developer contributions.

Revised phasing of the costs of the scheme and developer contributions are estimated as follows but will be subject to further change.

	Prior Years	2007-08	2008-09	2009-10	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget		2,930	2,570	40		5,540
Forecast		33	1,227	2,470	1,810	5,540
Variance	0	-2,897	-1,343	+2,430	+1,810	0
FUNDING						
Budget:						
external		470	1,230	580		2,280
capital receipts		2,460	1,340	-540		3,260
TOTAL	0	2,930	2,570	40	0	5,540
Forecast:						
external				470	1,810	2,280
capital receipts		33	1,227	2,000		3,260
TOTAL	0	33	1,227	2,470	1,810	5,540
Variance	0	-2,897	-1,343	+2,430	+1,810	0

1.2.5 Projects with real variances, including resourcing implications:

There is a forecast £150k overspend relating to the Broadmeadow project, it is planned to offset this using a provision made in 2006/07, together with underspending elsewhere within the programme.

After allowing for these funding issues the true underlying variance is £0k.

1.2.6 General Overview of capital programme:

(a) Risks

The majority of the directorate's capital programme comprises 'back to back' schemes predicated on generating capital receipts. There is a risk around the valuations.

(b) Details of action being taken to alleviate risks

Schemes reliant on capital receipts are being reviewed.

1.2.7 PFI projects

- PFI Housing

The £72.489m investment in the PFI Housing project represents investment by a third party. No payment is made by KCC for the new/refurbished assets until the asset are ready for use and this is by way of an annual unitary charge to the revenue budget, to be funded from the PFI credits.

	Previous years	2007-08	2008-09	2009-10	TOTAL
	£000s	£000s	£000s	£000s	£000s
Budget	-	33,600	38,700	189	72,489
Forecast	-	33,600	38,700	189	72,489
Variance	-	-	-	-	-

(a) **Progress and details of whether costings are still as planned (for the 3rd party)**

Costings are still as planned.

(b) **Implications for KCC of details reported in (a) ie could an increase in the cost result in a change to the unitary charge ?**

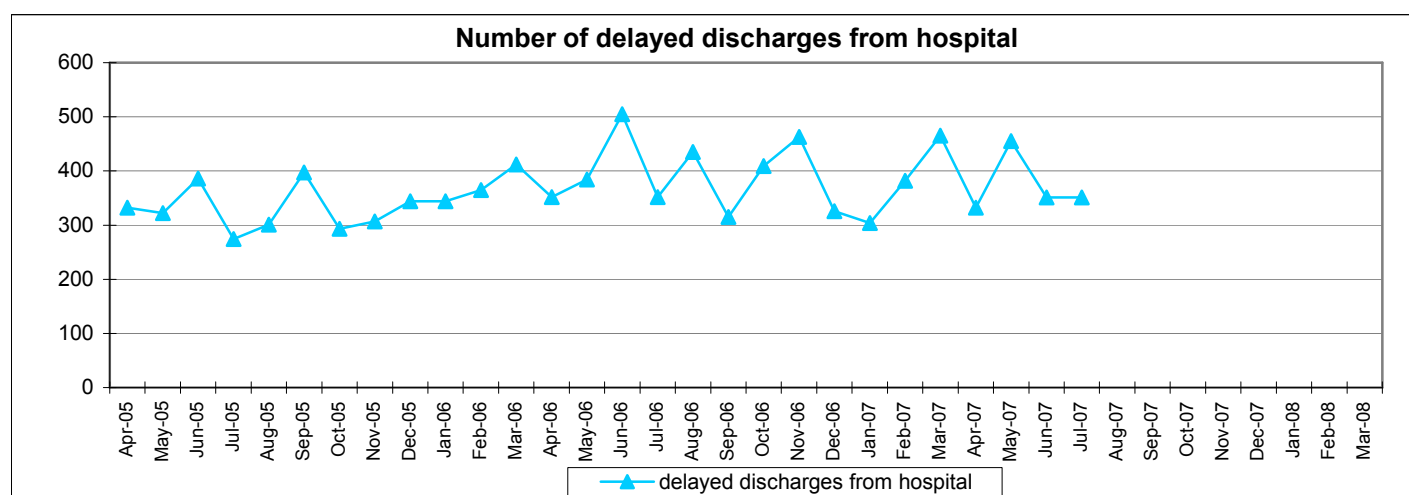
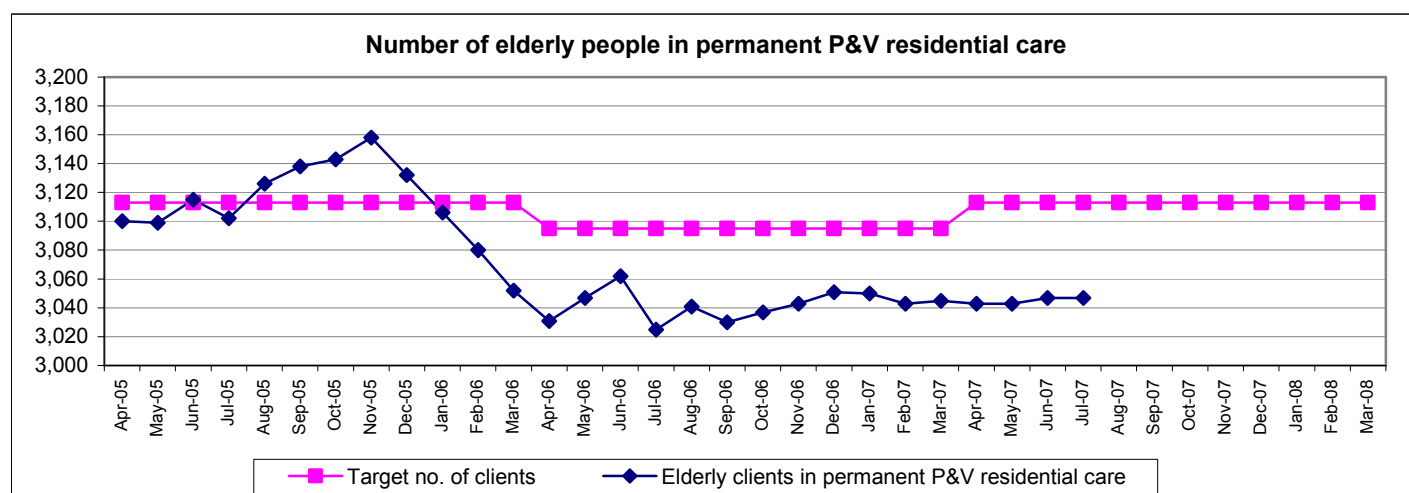
It is likely that the unitary charge will be fixed for the duration of the contract period and therefore the risk of an increase in the costs is extremely low. Any proposal by a partner in the project that results in either additional costs or risks must be agreed by the Project Board unanimously. Each partner has a vote and KCC could therefore vote against action that would result in an increase in costs if it chose to.

2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

Owing to delays in implementing SWIFT (client activity system), the activity data for the period August 2006 to March 2007 has been reliant on local records and manual counts.

2.1 Numbers of elderly people in permanent P&V residential care, including indicators on delayed discharges:

	2005-06			2006-07			2007-08		
	Target	Elderly clients in permanent P&V residential care	Delayed discharges from hospital	Target	Elderly clients in permanent P&V residential care	Delayed discharges from hospital	Target	Elderly clients in permanent P&V residential care	Delayed discharges from hospital (DTCs)
April	3,113	3,100	332	3,095	3,031	352	3,113	3,043	332
May	3,113	3,099	322	3,095	3,047	384	3,113	3,043	455
June	3,113	3,115	386	3,095	3,062	505	3,113	3,047	351
July	3,113	3,102	274	3,095	3,025	352	3,113	3,047	351
August	3,113	3,126	301	3,095	3,041	435	3,113		
September	3,113	3,138	397	3,095	3,030	315	3,113		
October	3,113	3,143	293	3,095	3,037	409	3,113		
November	3,113	3,158	307	3,095	3,043	463	3,113		
December	3,113	3,132	344	3,095	3,051	326	3,113		
January	3,113	3,106	344	3,095	3,050	304	3,113		
February	3,113	3,080	365	3,095	3,043	382	3,113		
March	3,113	3,052	412	3,095	3,045	465	3,113		

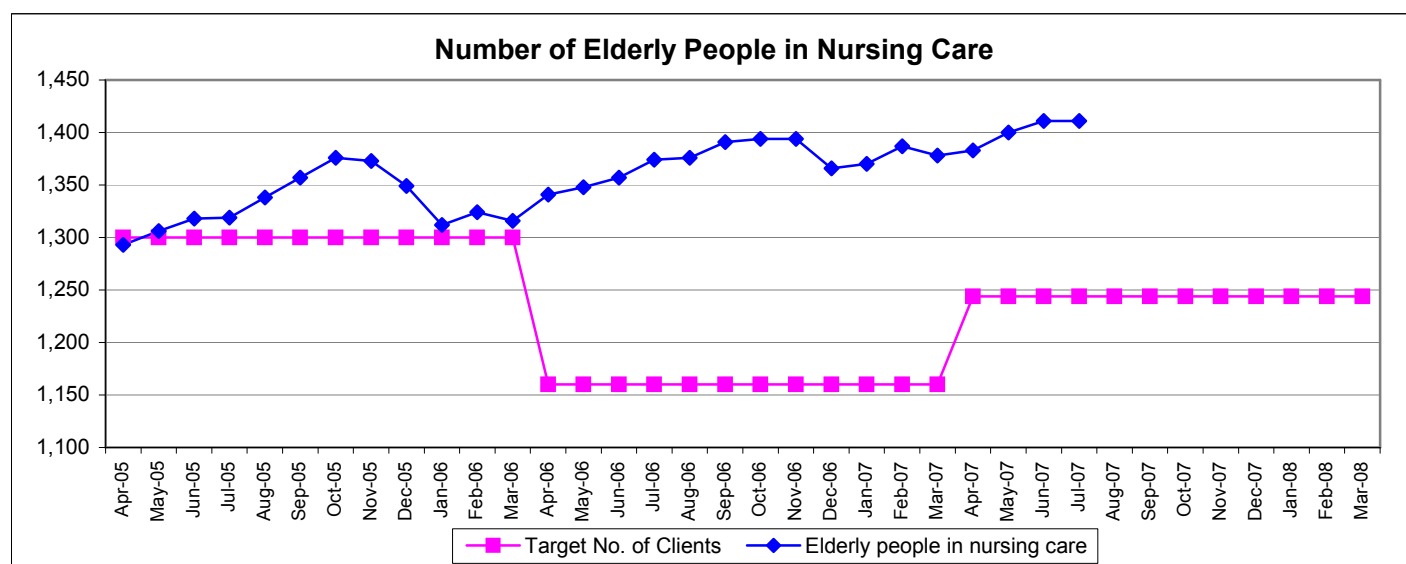


Comments:

- The Delayed Transfers of Care (DTCs) show the numbers of people whose movement from an acute hospital has been delayed. Typically this may be because they are waiting for an assessment to be completed, they are choosing a residential or nursing home placement, or waiting for a vacancy to become available. This figure shows all delays, but those attributable to Adult Social Services, and therefore subject to the reimbursement regime, are a minority. There are many reasons for fluctuations in the number of DTCs which result from the interaction of various different factors within a highly complex system over which we have very little influence. Approximately 13%-22% of these will be the responsibility of Social Services, but this occasionally rises and there are some more predictable "seasonal" variations throughout the year. It should also be noted that each third month is a five-week month.

2.2 Numbers of elderly people in nursing care:

	2005-06		2006-07		2007-08	
	Target	Elderly people in nursing care	Target	Elderly people in nursing care	Target	Elderly people in nursing care
April	1,300	1,293	1,160	1,341	1,244	1,383
May	1,300	1,306	1,160	1,348	1,244	1,400
June	1,300	1,318	1,160	1,357	1,244	1,411
July	1,300	1,319	1,160	1,374	1,244	1,411
August	1,300	1,338	1,160	1,376	1,244	
September	1,300	1,357	1,160	1,391	1,244	
October	1,300	1,376	1,160	1,394	1,244	
November	1,300	1,373	1,160	1,394	1,244	
December	1,300	1,349	1,160	1,366	1,244	
January	1,300	1,312	1,160	1,370	1,244	
February	1,300	1,324	1,160	1,387	1,244	
March	1,300	1,316	1,160	1,378	1,244	

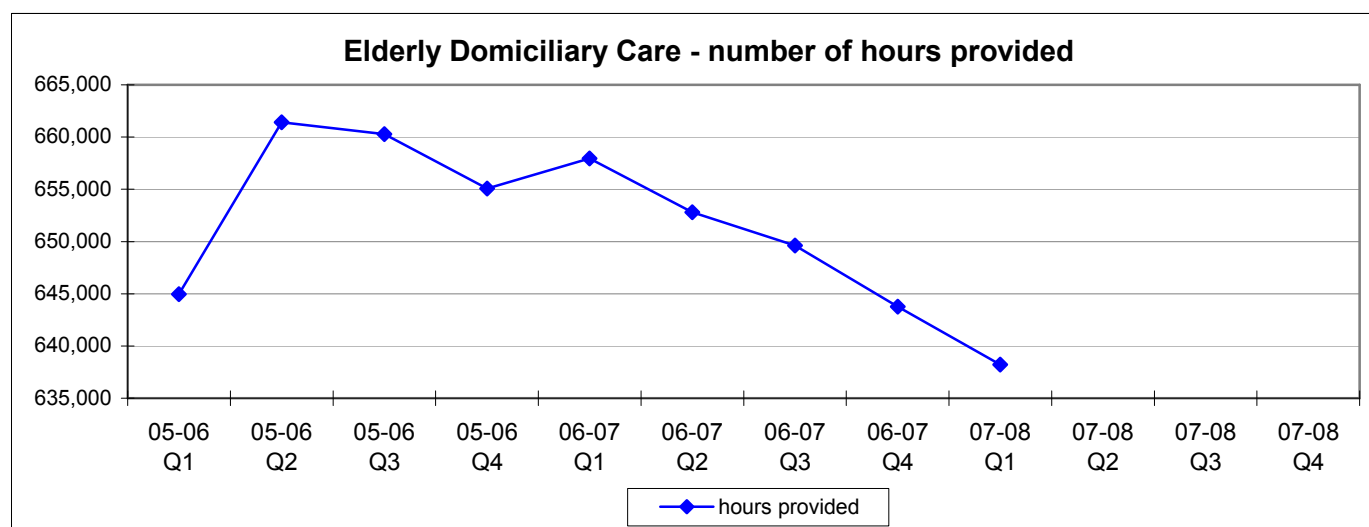
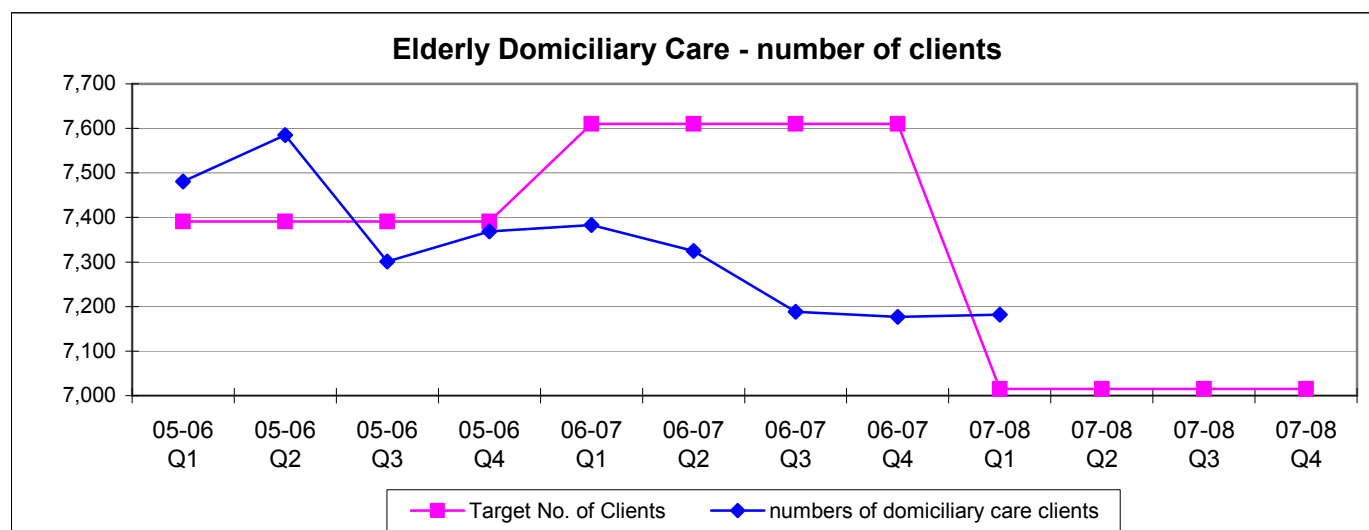


Comment:

- Increases in permanent nursing care may happen for many reasons. The main influences over the last year have been the closure of hospital beds in the East of the County. The knock on effect of minimising delayed transfers of care has resulted in an increase in the number of older people being admitted to nursing care. Demographic changes – increasing numbers of older people with long term illnesses – also means that there is an underlying trend of growing numbers of people needing more intense nursing care.

2.3 Elderly domiciliary care – numbers of clients and hours provided:

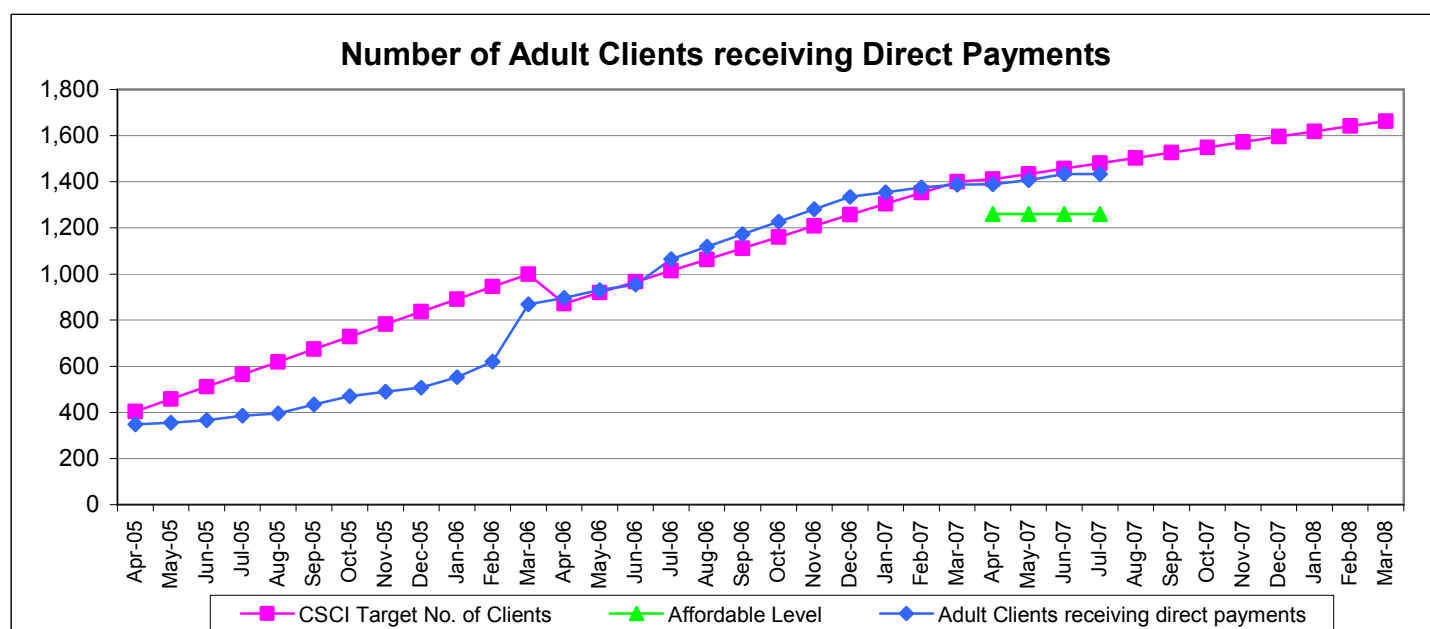
	2005-06			2006-07			2007-08		
	Target	numbers of domiciliary care clients	hours provided	Target	numbers of domiciliary care clients	hours provided	Target	numbers of domiciliary care clients	hours provided
Apr - Jun	7,391	7,481	644,944	7,610	7,383	657,948	7,015	7,182	638,211
Jul - Sep	7,391	7,585	661,415	7,610	7,325	652,789	7,015		
Oct - Dec	7,391	7,301	660,282	7,610	7,188	649,624	7,015		
Jan - Mar	7,391	7,369	655,071	7,610	7,177	643,777	7,015		



Comment:

- The downward trend in people receiving domiciliary care is partly as a result of the increase in direct payments. This is not linked to nursing care placements, as the two cohorts of service users are completely different. There are a number of other factors reducing the need for formal domiciliary care. Ongoing service developments with the voluntary sector and other organisations mean that we continue to prevent people from needing 'mainstream' domiciliary care, and they can access services, very often involving social inclusion (e.g. luncheon clubs and other social activities), without having to undergo a full care management assessment. Public health campaigns and social marketing aimed at improving people's health is already starting to result in healthier older people. Increase in the use of Telecare and Telehealth similarly reduces the need for domiciliary care, and it is possible that this trend will continue despite the growth in numbers of older people.

	2005-06		2006-07		2007-08		
	CSCI Target	Adult Clients receiving Direct Payments	CSCI Target	Adult Clients receiving Direct Payments	CSCI Target	Affordable Level	Adult Clients receiving Direct Payments
April	403	349	871	896	1,411	1,259	1,390
May	457	355	919	930	1,434	1,259	1,407
June	511	366	967	954	1,457	1,259	1,434
July	566	386	1,015	1,065	1,480	1,259	1,434
August	620	395	1,063	1,119	1,503		
September	674	434	1,112	1,173	1,526		
October	728	470	1,160	1,226	1,549		
November	783	489	1,208	1,280	1,572		
December	837	507	1,256	1,334	1,595		
January	891	553	1,304	1,355	1,618		
February	945	621	1,352	1,376	1,641		
March	1,000	868	1,400	1,388	1,662		

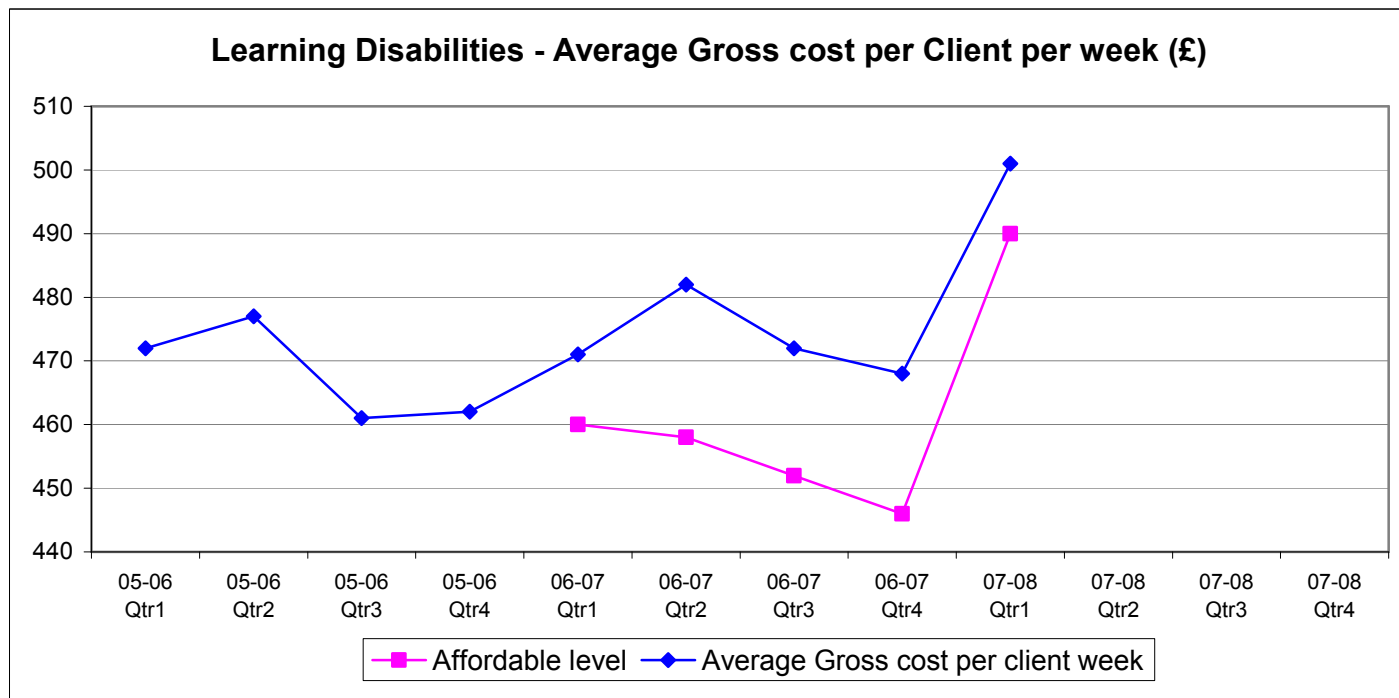


Comments:

- Direct payments are increasing, however a body of evidence is growing which suggests that the introduction of direct payments is identifying some previously unmet demand/need. Work is ongoing to track all new direct payment clients to prove /disprove this belief.
- It should be noted that the affordable level is 1,259, which relates to the budgets that are currently set for direct payments. During the year, budgets will be vired from other service lines such as domiciliary and daycare, to recognise the move away from traditional services into self directed support. The affordable level will then be adjusted accordingly.
- The financial forecast and variances being reported cover the ongoing costs of the 1,434 direct payment users we currently have.
- The 1,662 is the Commission for Social Care Inspection (CSCI) target for the end of year required position.

2.5 Learning Disabilities – Average Gross Cost per Client per Week:

	2005-06	2006-07		2007-08	
	Average Gross cost per client £	Affordable level £	Average Gross cost per client £	Affordable level £	Average Gross cost per client £
April - June	472	460	471	490	501
July - September	477	458	482		
October - December	461	452	472		
January - March	462	446	468		

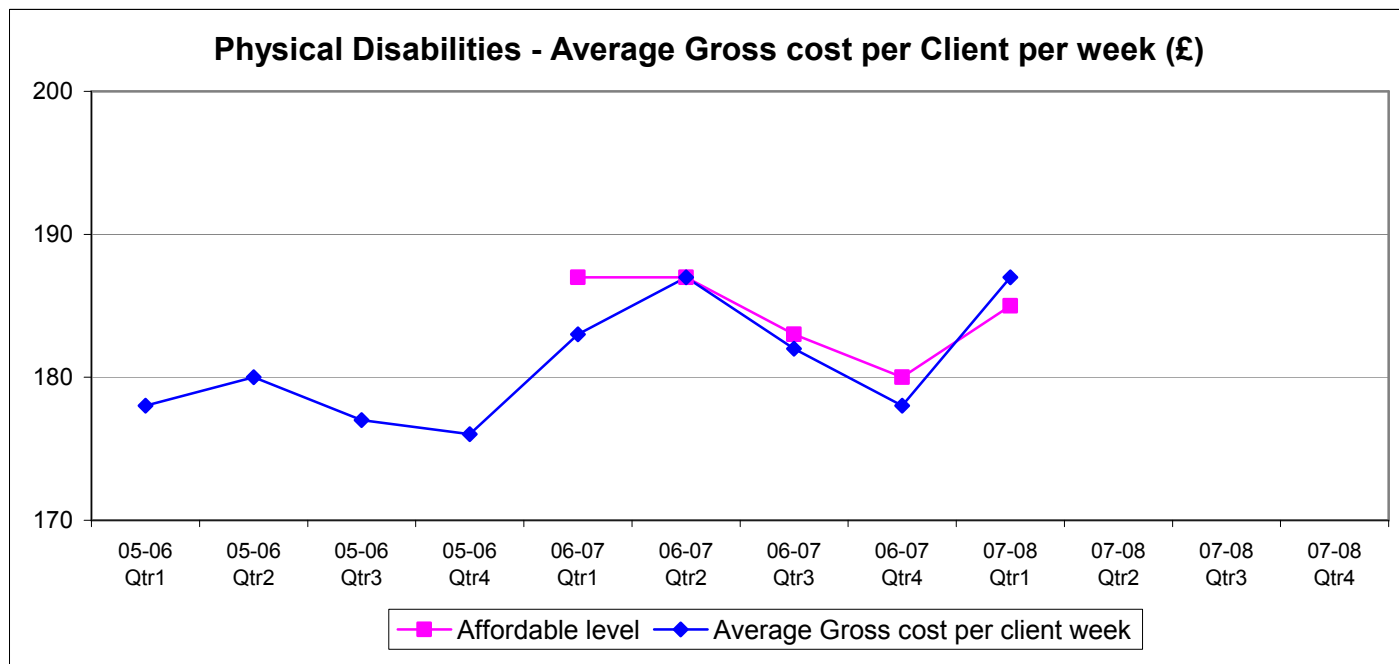


Comments:

- Targets did not exist prior to 2006-07 as this average cost is not a real performance indicator. It is merely intended to demonstrate the general upward trend in the cost of supporting clients with Learning Disabilities.
- This graph reflects the average cost per client week across all Learning Disability services, including those with the lowest levels of need.
- The basis for calculation has changed from last year in order to include both the costs of services provided by the private and voluntary sector and in-house service provision. The previous years figures have been adjusted accordingly.

2.6 **Physical Disabilities – Average Gross Cost per Client per Week:**

	2005-06	2006-07		2007-08	
	Average Gross cost per client £	Affordable level £	Average Gross cost per client £	Affordable level £	Average Gross cost per client £
April - June	178	187	183	185	187
July - September	180	187	187		
October - December	177	183	182		
January - March	176	180	178		



Comments:

- Targets did not exist prior to 2006-07 as this average cost is not a real performance indicator. It merely attempts to demonstrate the general upward trend in the cost of supporting clients with Physical Disabilities.
- This graph reflects the average cost per client week across all Physical Disability services, including those with the lowest levels of need.
- The basis for calculation has changed from last year in order to include both the costs of services provided by the private and voluntary sector and in-house service provision. The previous years figures have been adjusted accordingly.

ENVIRONMENT & REGENERATION DIRECTORATE SUMMARY JULY 2007-08 FULL MONITORING REPORT

1. FINANCE

1.1 REVENUE

1.1.1 All changes to cash limits are in accordance with the virement rules contained within the constitution, with the exception of those cash limit adjustments which are considered “technical adjustments” ie where there is no change in policy, including:

- Allocation of grants and previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process.
- This quarter cash limits have been adjusted to reflect a number of technical adjustments to budget, including the apportionment of -£0.085m of the e-recruitment saving from the Corporate Support portfolio and the addition of £6.625m of roll forward from 2006-07, as agreed by Cabinet on 16 July 2007.

1.1.2 **Table 1** below details the revenue position by Service Unit:

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Environment, Highways & Waste portfolio							
Kent Highways Services	56,919	-8,511	48,408	1,130	-130	1,000	Additional routine mtce. Extra Recharge income.
Public Transport Contracts	7,677	-634	7,043	300	-300	0	Freedom Pass take-up. Extra income.
Rural Bus Grant	2,276	-2,276	0	0	0	0	
Capital Programme Group	689	-444	245	0	0	0	
Waste Management	60,627	-2,749	57,878	-2,262	562	-1,700	Less tonnage / Allington commissioning period. 50% WPEG grant for capital.
Environmental Group	7,908	-3,931	3,977	0	0	0	
Transport Strategy	559	0	559	0	0	0	
Resources	4,376	-467	3,909	730	-30	700	Budget Gap. Extra recharge income.
Total E, H & W	141,031	-19,012	122,019	-102	102	0	
Regeneration & Supporting Independence portfolio							
Regeneration & Projects - Area Teams & Major Projects	4,837	-1,112	3,725	460	-460	0	Extra DCLG activity
Economic Development	2,950	-988	1,962	0	0	0	
Planning & Development	1,183	-57	1,126	-60	0	-60	delay in Local Development Framework to be bid for roll forward
Planning Applications	1,583	-468	1,115	0	0	0	
Change & Development	285	0	285	205	-115	90	Unfunded post and seconded staff with income
Kent Regeneration Fund	954	-850	104	0	0	0	
Total Regen & SI	11,791	-3,475	8,316	605	-575	30	
Total Directorate Controllable	152,822	-22,487	130,335	503	-473	30	

1.1.3 Major Reasons for Variance:

Table 2, at the end of this section, details all forecast revenue variances over £100k. Each of these variances is explained further below:

Environment, Highways & Waste portfolio:

- 1.1.3.1 Kent Highway Services (KHS) needs to undertake additional routine highway maintenance, particularly including vegetation control, at a cost of £1.13m, to improve the current conditions on the highway network.
- 1.1.3.2 Recharge income for KHS is estimated to exceed the budget, particularly in the area of Section 38 Agreements (developer contributions towards the KHS design and supervision fee in respect of new housing developments).
- 1.1.3.3 The Resources Division within the E,H&W Portfolio holds the Directorate-wide budget imbalance of £730k, which relies upon a Management Action Plan to ensure a balanced Portfolio budget by the year-end. The under spending of the Waste Management budget, detailed in 1.1.3.5 below, will provide the needed funding cover.
- 1.1.3.4 One of the Towards 2010 targets is the provision of a Freedom Pass for public transport usage by 11 to 16 year olds. Two pilots are in progress. The take-up of passes has exceeded expectations and a further £300k will be required to re-imburse the operators. This sum will be covered by the income received from the Education Service exceeding the budget set.
- 1.1.3.5 The Allington Waste to Energy plant is still in the commissioning stage. At present, it is not working at full capacity. As a result more waste is going to Landfill than budgeted for, but this is at a cheaper rate, for the moment, and hence a saving on the budget is being achieved. An assessment has been made as to the period needed before full working is achievable. Also, the waste tonnage to date, compared to last year, is reduced.
We have received WEEE grant income of £250k that was not built into the budget.
50% of the WPEG grant (50% = £812k) has been paid as a capital grant and therefore is not available to support the revenue budget, as planned.

Regeneration & Supporting Independence portfolio:

- 1.1.3.6 There is an increased volume of DCLG activity within Regeneration & Projects, in relation to the Kent Thameside and Swale Delivery Boards, which will be matched by 100% grant (+/- £460k). The budget for this item has to be determined often before knowledge of all programmes of work is available.
- 1.1.3.7 Within Change and Development, one occupied post is unfunded, and there are three seconded staff matched by 100% external funding of £115k.

Table 2: REVENUE VARIANCES OVER £100K IN SIZE ORDER

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
EHW	Essential Routine Mtce. including vegetation control	+1,130	EHW	Reduced tonnage through Allington WtE plant and lower waste growth	-2,262
EHW	The Waste WPEG grant was budgeted as 100% revenue grant but it is being paid as 50% capital grant and is therefore not available to support the revenue budget	+812	RSI	Increased Volume of DCLG grant - Kent Thameside & Swale Delivery Boards	-460
EHW	Budget Gap (covered from Waste under spend)	+730	EHW	Mainly Income from Education Service in excess of budget	-300
RSI	Increased Volume of DCLG activity - Kent Thameside & Swale Delivery Boards	+460	EHW	WEEE Grant not budgeted as income	-250
EHW	Extra take-up of Freedom Bus Pass	+300	EHW	Improved level of KHS Recharge income	-130
RSI	1 Unfunded post and Seconded Staff funded externally in Change & Development Division	+205	RSI	Seconded Staff funded externally in Change & Development Division	-115
		+3,637			-3,517

Whilst the Regeneration and Supporting Independence Portfolio shows a modest £30k over spending, it should be noted that the £60k under spending on Planning & Development Group will be requested to roll forward into 2008/09 and is not available to “offset”. Hence the imbalance is in reality £90k. A solution is being sought.

The E, H & W Portfolio position is balanced due to the utilisation of the estimated net under spending, as explained above, of the Waste Management budget.

It should be noted that this forecast assumes that the County Council’s Emergency Reserve will provide funding to meet the estimated cost of £250k, for corrective work following the floods in June.

1.1.5 Implications for MTFP:

The reduction in waste tonnage, should it continue, will require an adjustment to the assumptions contained within the current MTFP. The Directorate budget gap of £730k is to be re-aligned within the 2008/09 budget year.

1.1.6 Details of re-phasing of revenue projects:

The forecast under spending of £60k for the Planning & Development Group (R&SI Portfolio), in respect of a delay in the Local Development Framework for Waste and Mineral Studies, will need to be rolled forward to 2008/09.

1.1.7 Details of proposals for residual variance:

A solution is being sought to the unfunded post within Change & Development.

1.2 CAPITAL

1.2.3 All changes to cash limits are in accordance with the virement rules contained within the constitution and have received the appropriate approval via the Leader, or relevant delegated authority.

Cash limits have been adjusted this quarter to reflect:

	2007-08 £000s	2008-09 £000s	2009-10 £000s
<u>Environment, Highways & Waste portfolio:</u>			
▪ Roll forward of the re-phasing from 2006-07	6,528		
▪ Removal of A228 Colts Hill Strategic Link from the capital programme, as the preliminary costs are to be met from revenue until Government Approval is obtained for this major road scheme	-10	-10	-10
▪ Virement of Small Community Capital Grant budget from the Policy & Performance portfolio	28		
<u>Regeneration & Supporting Independence portfolio:</u>			
▪ Roll forward of the re-phasing from 2006-07	2,453		

1.2.2 **Table 3** below provides a portfolio overview of the latest capital monitoring position.

	Prev Yrs Exp	2007-08	2008-09	2009-10	Future Yrs	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s
Environment, Highways & Waste Portfolio						
Budget	87,667	103,153	67,038	53,805	88,428	400,091
Adjustments:						
- roll forward		6,528				6,528
- removal of A228 Colts Hill preliminary costs		-10	-10	-10		-30
- virement of SCCG budget		28				28
Revised Budget	87,667	109,699	67,028	53,795	88,428	406,617
Variance		-11,998	11,998	0	0	0
split:						
- real variance						0
- re-phasing		-11,998	+11,998			0
Regeneration & Supporting Independence Portfolio						
Budget	3,904	7,604	1,500	2,000	1,000	16,008
Additions:						
- roll forward		2,453				2,453
-						0
-						0
Revised Budget	3,904	10,057	1,500	2,000	1,000	18,461
Variance		0	0	0	0	0
split:						
- real variance						0
- re-phasing						0
Directorate Total						
Revised Budget	91,571	119,756	68,528	55,795	89,428	425,078
Variance	0	-11,998	11,998	0	0	0
Real Variance		0	0	0	0	0
Re-phasing		-11,998	+11,998	0	0	0

1.2.3 Main Reasons for Variance

Table 4 below, details all forecast capital variances over £250k in 2007-08 and identifies these between projects which are:

- part of our year on year rolling programmes e.g. maintenance and modernisation;
- projects which have received approval to spend and are underway;
- projects which are only at the approval to plan stage and
- projects at initial planning stage.

The variances are also identified as being either a real variance i.e. real under or overspending which has resourcing implications, or a phasing issue i.e. simply down to a difference in timing compared to the budget assumption.

Each of the variances in excess of £1m which is due to phasing of the project, excluding those projects identified as only being at the initial planning stage, is explained further in section 1.2.4 below.

All real variances are explained in section 1.2.5, together with the resourcing implications.

Table 4: CAPITAL VARIANCES OVER £250K IN SIZE ORDER

			Project Status			
portfolio	Project	real/ phasing	Rolling Programme £'000s	Approval to Spend £'000s	Approval to Plan £'000s	Initial Planning Stage £'000s
Overspends/Projects ahead of schedule						
			0	0	0	0
Underspends/Projects behind schedule						
EHW	Re-shaping Kent Highways Accommodation	Phasing		-11,000		
EHW	Sittingbourne Northern Relief Road	Phasing			-583	
EHW	Newtown Road Bridge	Phasing			-320	
			0	-11,000	-903	0
			0	-11,000	-903	0

1.2.4 Projects re-phasing by over £1m:

1.2.4.1 KHS co-location project – slippage £11 million

This scheme is designed to deliver service improvements and efficiencies and replacements for some of the existing depots which do not meet modern day environmental standards. The project has slipped by £11 million representing 40% of the total value of the scheme. There has been delay in starting the Wrotham and Sandwich schemes because of objections to elements of the intended construction. There will be a delay in completion. The service implications of this delay are a continuation of the usage of existing office accommodation. The financial implications of this delay are currently being assessed with regard to the overall capital cost of the scheme. It is anticipated that revenue costs will be contained within the budget allocation. These cost pressures will be contained within the Project Contingency, to contain the overall capital programme within existing cash limits over the medium term. Revised phasing of the scheme is now as follows:

	Prior Years	2007-08	2008-09	2009-10	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget	5,052	22,550	250			27,852
Forecast	5,052	11,550	11,250			27,852
Variance	0	-11,000	11,000	0	0	0
FUNDING						
Budget:						
prudential	2,000					2,000
prudential/revenue	2,843	20,780	-4,120			19,503
external	9					9
capital receipts	200	1,770	4,370			6,340
TOTAL	5,052	22,550	250	0	0	27,852
Forecast:						
prudential	2,000					2,000
prudential/revenue	2,843	9,780	6,880			19,503
external	9					9
capital receipts	200	1,770	4,370			6,340
TOTAL	5,052	11,550	11,250	0	0	27,852
Variance	0	-11,000	11,000	0	0	0

It is proposed that £2.45m of this slippage be vired for use on the following projects, but a decision has yet to be taken on the appropriate spread over 2007/08 and 2008/09, given the planning and preparation time needed for some of this work:

- £330k investment in Street Lighting and Lit Signs, to reduce energy costs
- £120k Ramsgate Tunnel, insulation of new lighting with electronic controls
- £850k Major Bridge repairs
- £650k Replacement of damaged crash barriers/guard rails/parapets
- £500k Resurfacing of Strategic Roads,

with the corresponding £2.45m reduction in the KHS co-location budget being reinstated in the 2008-11 MTFP process. This will bring the 2007-08 budget for capital maintenance up to the figure in the Government's Local Transport Plan settlement for Kent. **Cabinet is asked to agree this virement.**

1.2.5 Projects with real variances, including resourcing implications:

N/A

1.2.6 General Overview of capital programme:

(a) Risks:

It is still early in the year to be confident of all project/scheme over/under spends. The quality of the forecast will improve as we move through the financial year.

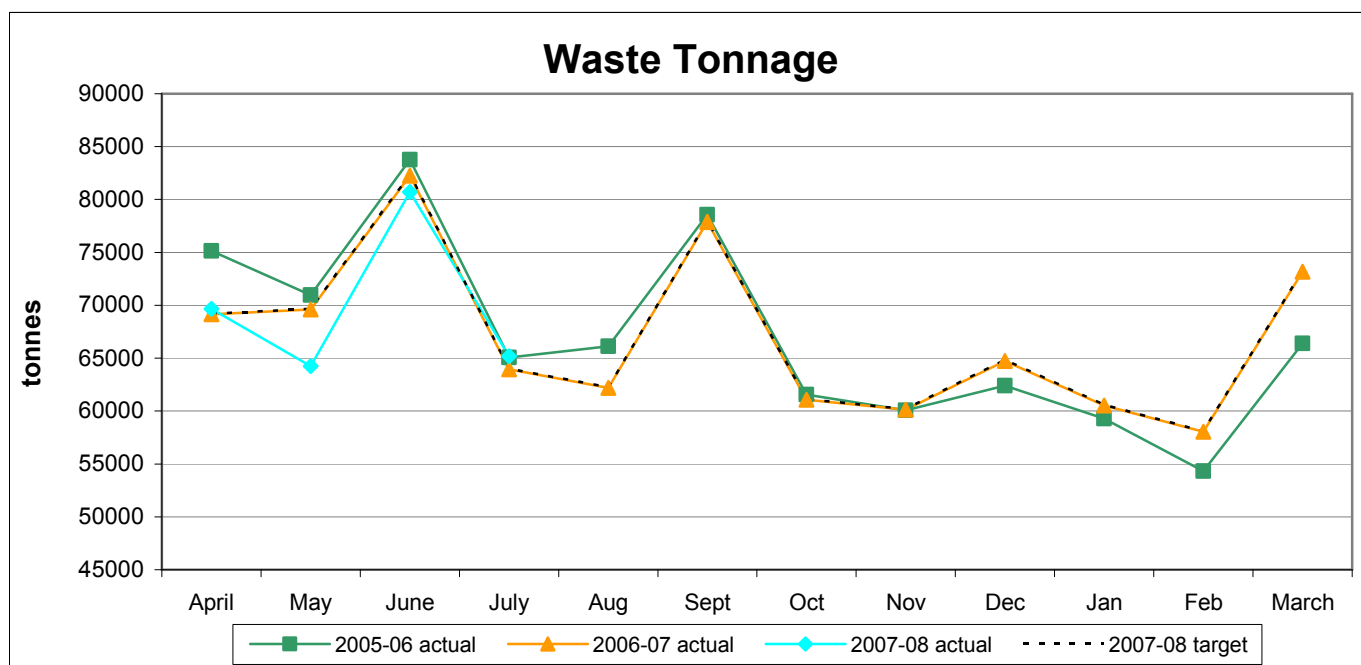
(b) Details of action being taken to alleviate risks:

Regular meetings with project managers take place to revise the forecast.

2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

2.1 Waste Tonnage:

	2005-06	2006-07	2007-08	
	Waste Tonnage	Waste Tonnage	Waste Tonnage	Business Plan Target
April	75,142	69,137	69,677	69,212
May	70,964	69,606	64,230	69,681
June	83,770	82,244	80,700	82,333
July	65,063	63,942	65,171	64,011
August	66,113	62,181		62,249
September	78,534	77,871		77,956
October	61,553	61,066		61,132
November	60,051	60,124		60,189
December	62,397	64,734		64,804
January	59,279	60,519		60,585
February	54,337	58,036		58,098
March	66,402	73,170		73,230
TOTAL	803,605	802,630	279,778	803,480



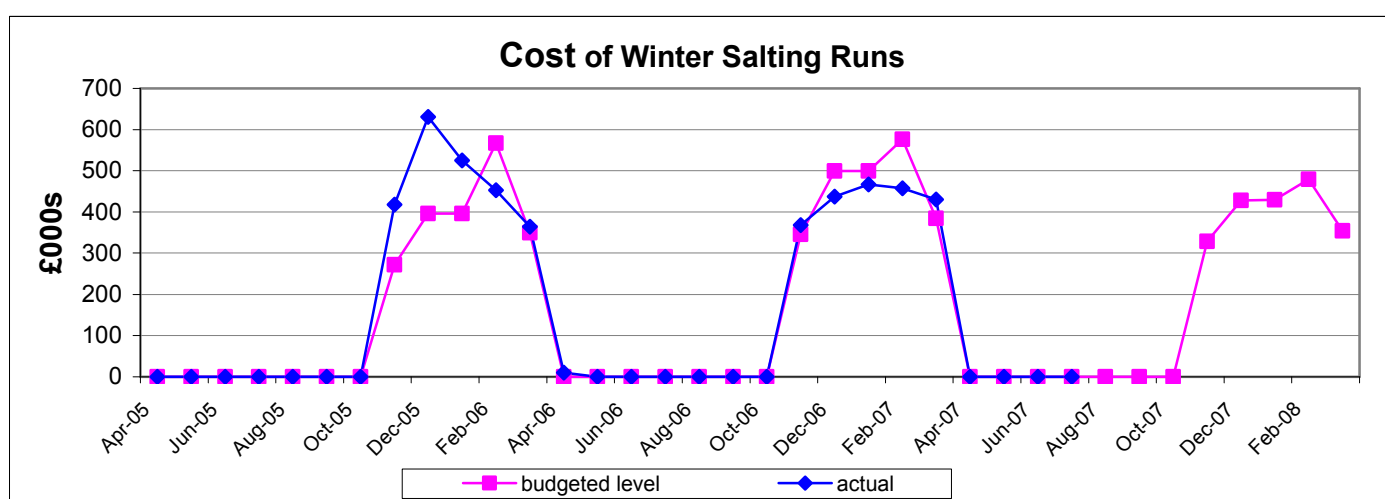
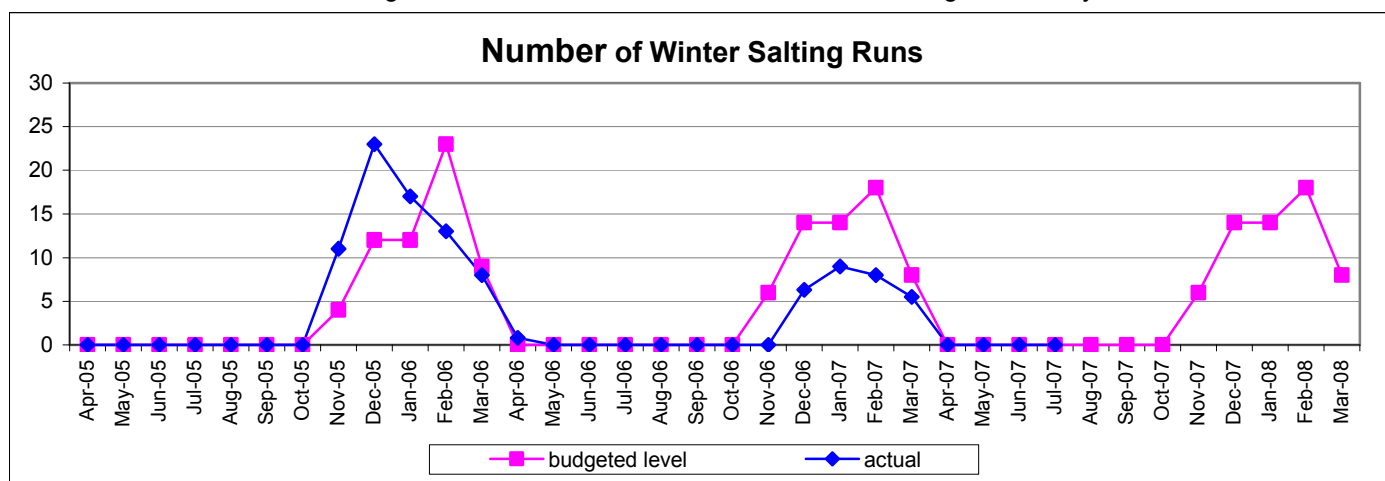
Comments:

- Tonnage has declined from last year, and also the expected volume to be put through the Allington WtE Plant, which is still in the commissioning stage. As, in the early years, the cost of Allington processing is higher than standard Landfill, the budget benefits from reduced costs. So, even if the total tonnage to be managed was the same as last year, there would still be an under spending on the budget, all other things being equal.

	2005-06				2006-07				2007-08			
	Number of salting runs		Cost of salting runs		Number of salting runs		Cost of salting runs		Number of salting runs		Cost of salting runs	
	Actual	Budgeted level	Actual	Budgeted level	Actual	Budgeted Level	Actual	Budgeted Level	Actual	Budgeted level	Actual	Budgeted Level ²
				£000s	£000s	£000s	£000s			£000s	£000s	
April	-	-	-	-	0.8 ¹	-	10	-	-	-	-	-
May	-	-	-	-	-	-	-	-	-	-	-	-
June	-	-	-	-	-	-	-	-	-	-	-	-
July	-	-	-	-	-	-	-	-	-	-	-	-
August	-	-	-	-	-	-	-	-	-	-	-	-
September	-	-	-	-	-	-	-	-	-	-	-	-
October	-	-	-	-	-	-	-	-	-	-	-	-
November	11	4	418	272	-	6	368	345	6	6	328	
December	23	12	631	396	6.3	14	437	499	14	14	428	
January	17	12	525	396	9.0	14	467	499	14	14	429	
February	13	23	453	567	8.0	18	457	576	18	18	479	
March	8	9	364	349	5.5	8	430	384	8	8	354	
TOTAL	72	60	2,391	1,980	29.6	60	2,169	2,303	0	60	0	2,018

Note¹: only part of the Kent Highways Network required salting

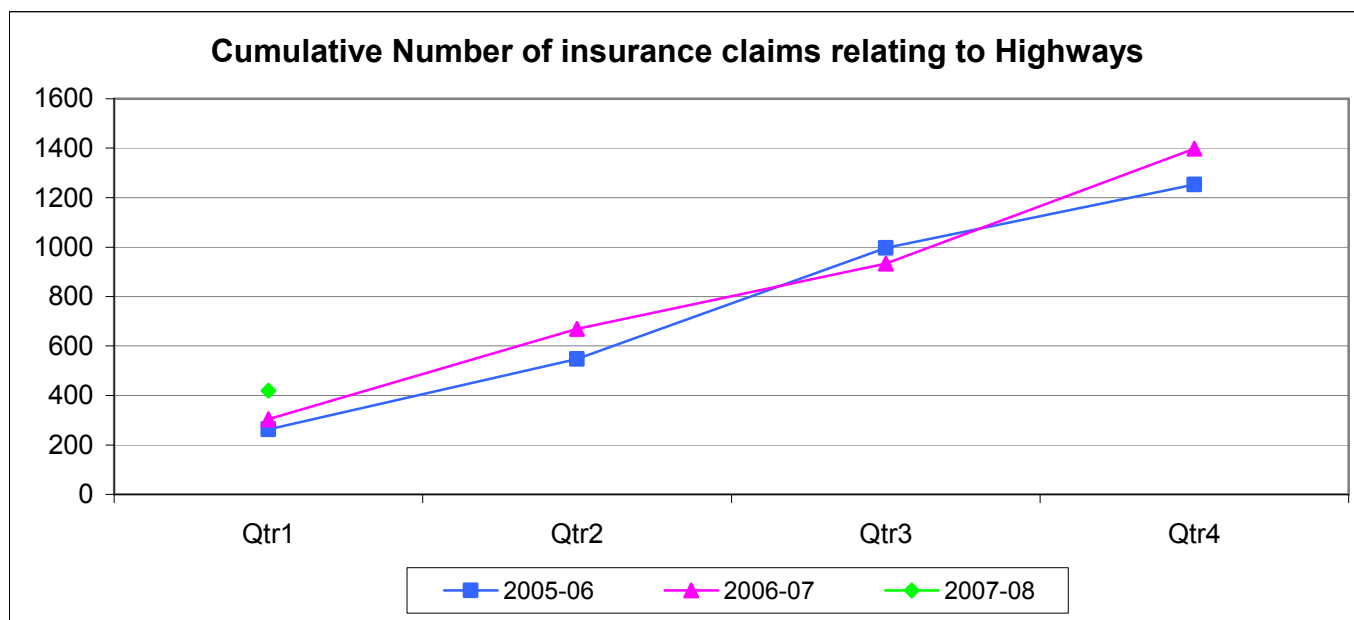
Note²: the 2007-08 budget excludes overheads, as these are now charged centrally



Comment:

- The charges for the Winter Maintenance Service reflect a large element of fixed cost; the smaller element being the variable cost of the salting runs. Contractual fixed costs have been apportioned equally over the 5 months of the salting period.

	2005-06	2006-07	2007-08
	Cumulative no. of claims	Cumulative no. of claims	Cumulative no. of claims
April – June	263	303	419
July – September	547	669	
October – December	997	933	
January - March	1,252	1,398	



Comments:

- The increase in claims between 2005-06 and 2006-07 appears to reflect a national trend. Nearly all other county councils in South East England have reported a similar rise in 2006. Carriageway claims are starting to increase and this may be evidenced by the relatively high figure for the first quarter of this financial year.

COMMUNITIES DIRECTORATE SUMMARY JULY 2007-08 FULL MONITORING REPORT

1. FINANCE

1.1 REVENUE

1.1.1 All changes to cash limits are in accordance with the virement rules contained within the constitution, with the exception of those cash limit adjustments which are considered "technical adjustments" i.e. where there is no change in policy, including:

- Allocation of grants and previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process.
- This quarter cash limits have been adjusted to reflect a number of technical adjustments to budget, including the apportionment of -£0.120m of the e-recruitment saving from the Corporate Support portfolio and £0.005m of the provision for Kent Scheme revision from the Finance portfolio and the addition of £0.127m of roll forward from 2006-07, as agreed by Cabinet on 16 July 2007.

1.1.2 **Table 1** below details the revenue position by Service Unit:

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Communities portfolio							
Turner Contemporary	885	-82	803			0	
Kent Drug & Alcohol Action Team	15,219	-13,438	1,781			0	
Youth Offending Service	5,472	-1,889	3,583	1,129	-949	180	Cash limit incorrectly reflects balance of expenditure and income. Net overspend is mainly due to increased number of young people placed in secure accommodation or on remand
Adult Education	12,667	-13,213	-546	1,662	-1,162	500	Increased income is due to higher than anticipated formula grant from LSC and additional grants. Increased spending is in part due to increased ringfenced income and partly due to unanticipated costs for staff restructuring, premises rationalisation and
Cultural Development	1,404	-225	1,179		100	100	Ongoing impact of the loss of EU grants which have supported unit budget since restructuring in 2003/04
Libraries, Information & Archives	25,708	-2,787	22,921			0	
Sports, Leisure & Olympics	1,127	-312	815			0	
Youth Services	9,151	-1,570	7,581			0	
Key Training	3,865	-3,865	0			0	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Kent Community Safety Partnership	4,703	-159	4,544			0	
Contact Centre	4,877	-1,947	2,930			0	
Coroners	2,077	-333	1,744	276		276	Continuation of pressures which arose during 2006/07 after the MTP had been set
Emergency Planning	752	-165	587			0	
Kent Scientific Services	1,575	-1,587	-12			0	
Registration	4,237	-2,475	1,762			0	
Trading Standards	4,431	-399	4,032			0	
Policy & Resources	1,543	-97	1,446			0	
Centrally Managed directorate budgets	67	-1,641	-1,574			0	
Total Communities controllable	99,760	-46,184	53,576	3,067	-2,011	1,056	

1.1.3 Major Reasons for Variance: [provides an explanation of the 'headings' in table 2]

Table 2, at the end of this section, details all forecast revenue variances over £100k. Each of these variances is explained further below:

- 1.1.3.1 Youth Offending Service – The latest forecast gross expenditure on YOS is £1.129m more than the cash limit and income is £949k more than cash limit giving a net pressure of £180k, which is mainly attributable to £163k of pressures on the budget for secure accommodation and transport for offenders on court ordered remand. The number sentenced by courts is increasing and offenders are being placed outside the county more frequently. The service has secured additional prevention grant from the Youth Justice Board that was not included in the budget which provides £566k income and £532k direct expenditure. The net difference of £34k income contributes towards the service's overheads which accounts for the remainder of the variance including an additional £124k on staffing. The remainder of increase in income is due to increased contributions from partners and support for specific projects that were not included when the original budget was set (each additional contribution is less than £100k and not shown in table 2).
- 1.1.3.2 Adult Education – The latest forecast gross expenditure on the AE is £1.662m more than cash limit, income is £1.1.62m more than the cash limit giving a net pressure of £500k, which is due to one-off costs associated with staff restructuring and premises rationalisation that were not allowed for in the budget and the potential loss of £200k income on tuition fees due to lower than anticipated take-up resulting from families being worse off due to recent interest rate increases. All the other variances reflect both income and expenditure and have no impact on the net costs. The major reasons for the variances are:
- *Immigration Service* – The budget included the removal of the previous contract for the prisons service which came to end in July 2006 and transferred to the voluntary sector. Following a review the service has retained the provision of education services to the Immigration Service effective from April 2007. The revised forecast includes planned income of £373k and expenditure of £336k under this contract.
 - *Business Development* – since the budget was agreed the AE service has agreed a new strategy towards business development and has employed a business development manager with a remit to generate more than twice as much income (£260k) than the annual salary and running costs (£120k).
 - *LSC Formula Grants* – The service has received £230k more in its final settlement from the LSC for Adult and Community Learning (ACL) and Further Education (FE) than expected when the budget was set. Some of this additional funding has to be spent on particular activities e.g. £161k additional guided learning hours for Family Language, Literacy and Numeracy (FLLN) and Family Learning (FL) programmes.
 - *Tuition Fees* – The budget included proposed changes to the fee and concession structures which would have increased total Page 78 income by £133k but these have not been fully

implemented as they were deemed not necessary in light of the other changes in income and expenditure. Since this change the service has identified concerns that it will not meet the revised budgeted level of tuition fees by a further £200k due to the impact on family budgets of recent interest rate increases and price rises for energy meaning some families can no longer afford to join courses. This potential further loss of £200k income is included in the overall net pressure of £500k.

- *Staff Restructure & Redundancies* – The restructuring of the service in response to reductions in LSC funding has resulted in significant redundancies in 2006/07 and 2007/08. It was agreed that up to £240k would be funded from a corporate reserve. In 2007/08 the service is estimating redundancy costs of £176k of which only £95k can be funded out of the remainder of the £240k available leaving a net pressure of £81k. The service has also identified other pressures resulting from the restructuring including delays in implementing the new arrangements and the cost of transferring staff to employee services. The total pressure from staff restructuring and redundancies is £174k which is included in the overall £500k net pressure.
- *Projects* – these include a number of projects that were not finalised at the time the budget was set that attract external funding increasing income (£161k) and expenditure (£104k).
- *Neighbourhood Learning and SIP* – The original budget included contributions of £135k towards the cost of these programmes which we no longer expect to receive. There has been a one-off contribution from the roll forward of Finance Portfolio under spend from 2006/07 towards the deficit carried forward from the 2006/07 programme but the service has to cover the ongoing cost of the programme within its overall income from 2007/08 and beyond without receiving these additional contributions.
- *Premises* – The service is undertaking a rationalisation of premises including developments in Folkestone, Maidstone, Snodland and Canterbury/Whitstable. The service is facing a number of one-off costs in 2007/08, totalling £126k, in relation to this programme, which is included in the overall £500k net pressures.

1.1.3.3 Coroners Service – The latest forecast spending is £276k more than budget. The single major reason for this overspend is the increased cost of mortuary fees (£142k). This pressure arises from a number of factors including more referrals by doctors following the Shipman report, above inflation fees being charged by NHS hospital trusts for post mortems, and the cost of the transfer of bodies from Maidstone to Medway following the closure of the mortuary at Maidstone hospital.

1.1.3.4 Arts Unit – The pressure of £100k is due to a reduction in INTERREG grants which we were unaware of at the time of setting the budget.

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
CMY	YOS Prevention Grant Expenditure covered by increased income	+532	CMY	YOS Prevention Grant Income	-566
CMY	AE Immigration Contract Expenditure covered by increased income	+336	CMY	AE Income for Immigration Contract	-373
CMY	AE loss of Tuition Fees	+200	CMY	AE Business Development Income	-260
CMY	AE staff restructuring	+174	CMY	Additional LSC AE Formula Grants	-230
CMY	YOS Secure Accommodation	+163	CMY	AE Project grants	-161
CMY	Increased guided learning hours for Family and Lifelong Learning in AE covered by increased income	+161			
CMY	Coroners Mortuary Fees	+142			
CMY	Neighbourhood Learning & SIP	+135			
CMY	AE fee and concessions policy revisions covered by increased income	+133			
CMY	AE Premises Costs	+126			
CMY	YOS staffing	+124			
CMY	AE Business Development Expenditure covered by increased income	+120			
CMY	AE Project expenditure covered by increased income	+104			
CMY	Arts Unit reduction in grant income	+100			
		+2,550			-1,590

1.1.4 Actions required to achieve this position:

We are in the process of reviewing the budget for YOS. A paper is currently being prepared to report to the Youth Justice board in September to agree a strategy to bring the budget back into balance and to address pressures. The net budget pressure has been reduced from earlier estimates. As a result the base budget for 2008/09 will need to be reviewed to ensure that it includes up to date estimates for all sources of income and all expenditure headings to ensure gross and income budgets are correct and expenditure is not netted off.

The Adult Education service has undertaken a major restructuring in response to a 16% reduction in LSC funding allocations and made changes to its tuition fee structure. Some unforeseen one-off costs associated with the restructuring and anticipated loss of tuition fee income means the service cannot return to a balanced budget position this year and repay the £500k loan from the Finance portfolio to cover previous years overspends without resulting in irreparable damage to the service's reputation. Other ways of financing this within the directorate are currently being investigated.

1.1.5 Implications for MTFP:

The pressures on Coroners and YOS for secure accommodation are imposed outside the direct control of the authority.

1.1.6 Details of re-phasing of revenue projects:

N/A

1.1.7 Details of proposals for residual variance:

The directorate is reviewing the forecast over spends and looking at other budgets where savings might be possible to offset the over spends. The directorate is also reviewing the amounts held in reserve as a possible source of off-setting some of the additional one-off costs in 2007/08. It is planned to take-up the issue of over spending on the Coroners service with the government. We are also exploring the opportunity to use developer contributions to fund the purchase of new library books currently funded from revenue budget.

1.2 CAPITAL

1.2.4 All changes to cash limits are in accordance with the virement rules contained within the constitution and have received the appropriate approval via the Leader or relevant delegated authority.

Cash limits have been adjusted this quarter to reflect:

	2007-08 £000s	2008-09 £000s	2009-10 £000s
▪ Roll forward of the re-phasing from 2006-07	2,138		
▪ Ramsgate Library, an increase in the element of 'betterment' not covered by the insurance policy, reflecting a number of enhancements required to meet current building standards (funded by £80k external funding, £123k capital receipt from the sale of Newington Library and £46k revenue contribution)			249

1.2.2 **Table 3** below provides a portfolio overview of the latest capital monitoring position.

	Prev Yrs Exp £000s	2007-08 £000s	2008-09 £000s	2009-10 £000s	Future Yrs £000s	TOTAL £000s
Communities						
- per budget	21,627	21,518	14,073	5,010	5,820	68,048
- roll forward		2,138				2,138
- Ramsgate Library				249		249
						0
Revised Budget	21,627	23,656	14,073	5,259	5,820	70,435
Variance		-10,687	-778	6,886	4,417	-162
split:						
- real variance		-162				-162
- re-phasing		-10,525	-778	+6,886	+4,417	-0
Real Variance		-162	0	0	0	-162
Re-phasing		-10,525	-778	+6,886	+4,417	-0

1.2.3 Main Reasons for Variance

Table 4 below, details all forecast capital variances over £250k in 2007-08 and identifies these between projects which are:

- part of our year on year rolling programmes e.g. maintenance and modernisation;
- projects which have received approval to spend and are underway;
- projects which are only at the approval to plan stage and
- projects at initial planning stage.

The variances are also identified as being either a real variance i.e. real under or overspending which has resourcing implications, or a phasing issue i.e. simply down to a difference in timing compared to the budget assumption.

Each of the variances in excess of £1m which is due to phasing of the project, excluding those projects identified as only being at the initial planning stage, is explained further in section 1.2.4 below.

All real variances are explained in section 1.2.5, together with the resourcing implications.

Table 4: CAPITAL VARIANCES OVER £250K IN SIZE ORDER

Portfolio	Project	real/ phasing	Project Status			
			Rolling Programme	Approval to Spend	Approval to Plan	Initial Planning Stage
			£'000s	£'000s	£'000s	£'000s
Overspends/Projects ahead of schedule						
			+0	+0	+0	+0
Underspends/Projects behind schedule						
CMY	Turner Contemporary	Phasing			-6,539	
CMY	The Hub Southborough	Phasing			-3,225	
CMY	Herne Bay Youth Centre	Phasing		-310		
	Herne Bay Youth Centre	Real		-90		
CMY	Village Halls & Com Ctrs - Grants	Real	-200			
	Village Halls & Com Ctrs - Grants	Phasing	-76			
			-276	-400	-9,764	-0
			-276	-400	-9,764	+0

1.2.4 Projects re-phasing by over £1m:

1.2.4.1 Turner Contemporary – slippage £6.5 million

This scheme is to build an art gallery in Margate which will play a key role in the economic regeneration of the area. There has been slippage of over £6.5 million (37% of the total value of the scheme) since the budget was published. The project is still scheduled to be completed by 2010 within the £17.4m budget allocated and thus the slippage simply represents movement between years and not a delay on completion or additional cost. The published budget was based on early discussions with architects before we had received their initial outline and concept design reports (RIBA stage A/B).

We are now drawing to the end of the outline planning of the gallery (RIBA stage C) and are about to embark on the detailed planning (RIBA stage D). The outline planning stage has slipped by 3 months from the original project plan and the tender process (RIBA stage G/H) will commence in May 2008 with site works commencing in September 2008. This shortened time frame should get the project back on schedule for completion in spring 2010. It is not uncommon that the planning stages for an architectural building of the type envisaged can take more than 2 years.

Running in parallel with the project is the de-dualling of Fort Hill. This has to be completed before work on the construction of the gallery can commence.

We are planning that we will receive £11m in external funding towards the cost of the project from partners. This will reduce the level of prudential borrowing reflected in the published budget by £0.75m. However, it is unlikely that the external funding will be confirmed until early in the new year.

Revised phasing of the scheme is now as follows:

Turner Contemporary

	Prior Years	2007-08	2008-09	2009-10	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget	374	9,483	6,803	740	-	17,400
Forecast	374	2,944	2,109	7,556	4,417	17,400
Variance	-	-6,539	-4,694	6,816	4,417	-
FUNDING						
Budget:						
prudential	374	6,003	373	400	-	7,150
external	-	3,480	6,430	340	-	10,250
TOTAL	374	9,483	6,803	740	-	17,400
Forecast:						
prudential	374	1,249	342	4,431	4	6,400
external		1,695	1,767	3,125	4,413	11,000
TOTAL	374	2,944	2,109	7,556	4,417	17,400
Variance	-	-6,539	-4,694	6,816	4,417	-

1.2.4.2 The Hub, Southborough – slippage £3.2 million

This scheme is designed to deliver joint service improvements and cost efficiencies with Southborough Town Council. It has slipped by £3.2 million representing 99% of the total value of the scheme. It has been delayed in the planning process due to prolonged discussions with the Co-op who own the adjoining site and have now come forward with an offer to buy land owned by the Town Council (over which KCC has a claw back covenant).

It is not yet clear when the project will be able to start or indeed be completed. Further discussions are underway with both the Town and Borough councils to reach agreement on the way forward. The service implications of this delay are that the existing library will continue to operate and be maintained to ensure continuity of service.

There are no financial implications because it's an in and out scheme funded by the capital receipt from the Co-op, the library and the Ridgeway Centre. Revised phasing of the scheme is now as shown as follows until more detailed information is available:

The Hub, Southborough

	Prior Years	2007-08	2008-09	2009-10	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget		3,250				3,250
Forecast		25	3,225			3,250
Variance	-	-3,225	3,225	-	-	-
FUNDING						
Budget:						
capital receipt		3,250				3,250
						-
TOTAL	-	3,250	-	-	-	3,250
Forecast:						
capital receipt		25	3,225			3,250
						-
TOTAL	-	25	3,225	-	-	3,250
Variance	-	-3,225	3,225	-	-	-

1.2.5 Projects with real variances, including resourcing implications:

- Sevenoaks Kaleidoscope - overspend of £20k to be met from external funding and development contributions.
- BLF – PE and Sport – additional spend of £108k to be met from development contributions of £66k and external funding of £42k.
- Village Halls and Community Centre Capital Grants – an under spend of £200k will be vired to Herne Bay Youth Centre project.
- Herne Bay Youth Centre – the overall project cost is now expected to be £910k, however, £200k relates to the Children’s Centre which is included in the CFE budget and so £710k is forecast within Communities against a budget of £800k. The funding package has also changed from the original budget with less Youth Capital grant and lower development contributions being available. Consequently, this reduced funding by £330k, but an additional £200k will be vired from Village Halls grants and £40k Members Grants have been promised. The expenditure in 2007-8 will be reduced by £400k with £310k re-phasing into 2008-09.

After allowing for these funding issues the true underlying variance is nil.

1.2.6 General Overview of capital programme:

(a) Risks

- Adult Education at Canterbury High School – we may need to make provision for a part of any potential overspend on this project (a) if the school will not contribute the additional £160k spent last year on the project, and/or (b) if there is an over spend attributable to the adult education facility.

(b) Details of action being taken to alleviate risks

- Adult Education at Canterbury High School – the school are taking legal action against their professional advisors to reduce the overspend and further detailed work is in hand to identify how the additional costs should, if appropriate, be shared between the school and AE.

2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

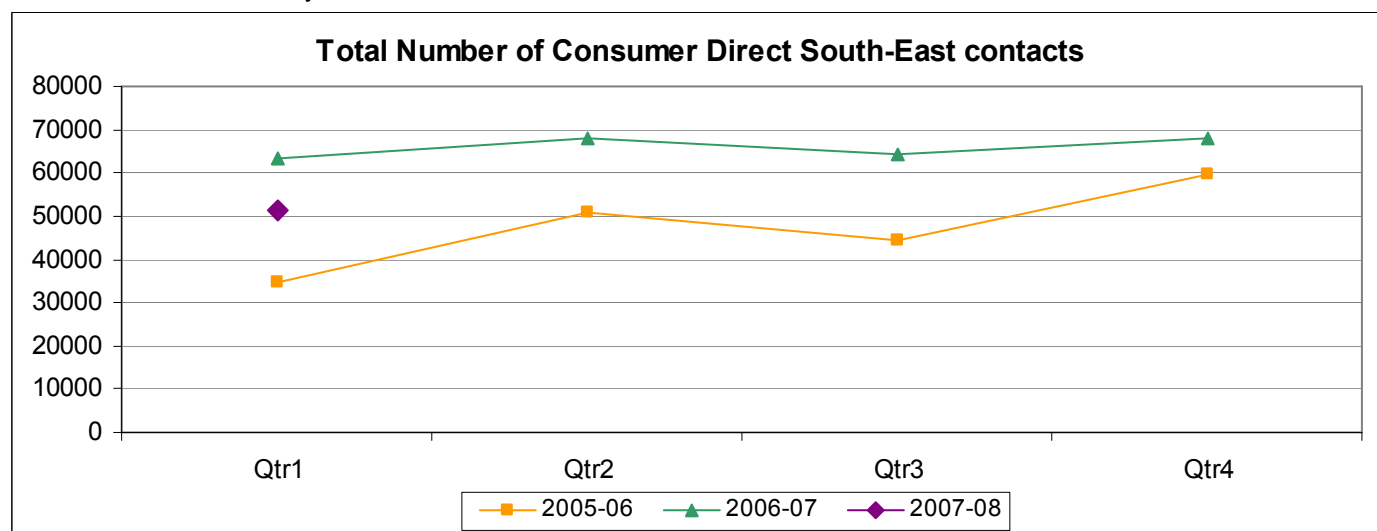
2.1 Number of Consumer Direct South-East contacts, by local authority area:

	2005-06	2006-07	2007-08				TOTAL
			Qtr1	Qtr2	Qtr3	Qtr4	
	Total for the year	Total for the year	01/04/07 to 30/06/07	01/07/07 to 30/09/07	01/10/07 to 31/12/07	01/01/08 to 31/03/08	Total for the year
Bracknell Forest	715	330	209				
Brighton & Hove	7,116	5,834	987				
Buckinghamshire	9,006	4,012	614				
East Sussex	9,717	9,893	1,843				
Hampshire	19,105	12,520	2,237				
Isle of Wight	2,129	2,106	346				
Kent	29,074	21,500	3,571				
Medway	1,671	1,249	267				
Milton Keynes	1,037	671	85				
Oxfordshire			No immediate plans to switch				
Portsmouth	5,524	4,332	571				
Reading	2,582	2,952	534				
Royal Borough of Windsor & Maidenhead ²	809		Callers to RBWM are asked to redial CDSE direct				
Slough	1,826	1,717	346				
Southampton	4,680	3,780	24				
Surrey	21,660	19,278	2,846				
West Berkshire	1,503	1,831	278				
West Sussex ³		2,334	1,441				
Wokingham	758	648	176				
Main English Landline ^{*1}	60,248	127,064	26,852				
Main English Mobile ^{*1}	7,712	25,073	5,398				
Calls handled for other regions	2,532	6,373	407				
Call-backs handled for other regions		1,017	0				
E-Mails		8,546	2,405				
2007-08 TOTAL			51,437				
2006-07 TOTAL by Qtr		263,060	63,185	67,865	64,080	67,930	
2005-06 TOTAL by Qtr	189,404		34,616	51,015	44,334	59,439	

*1 – These are calls received directly on the 0845 number which, although known to be from one of the local authorities in the CDSE area, cannot be identified by individual local authority.

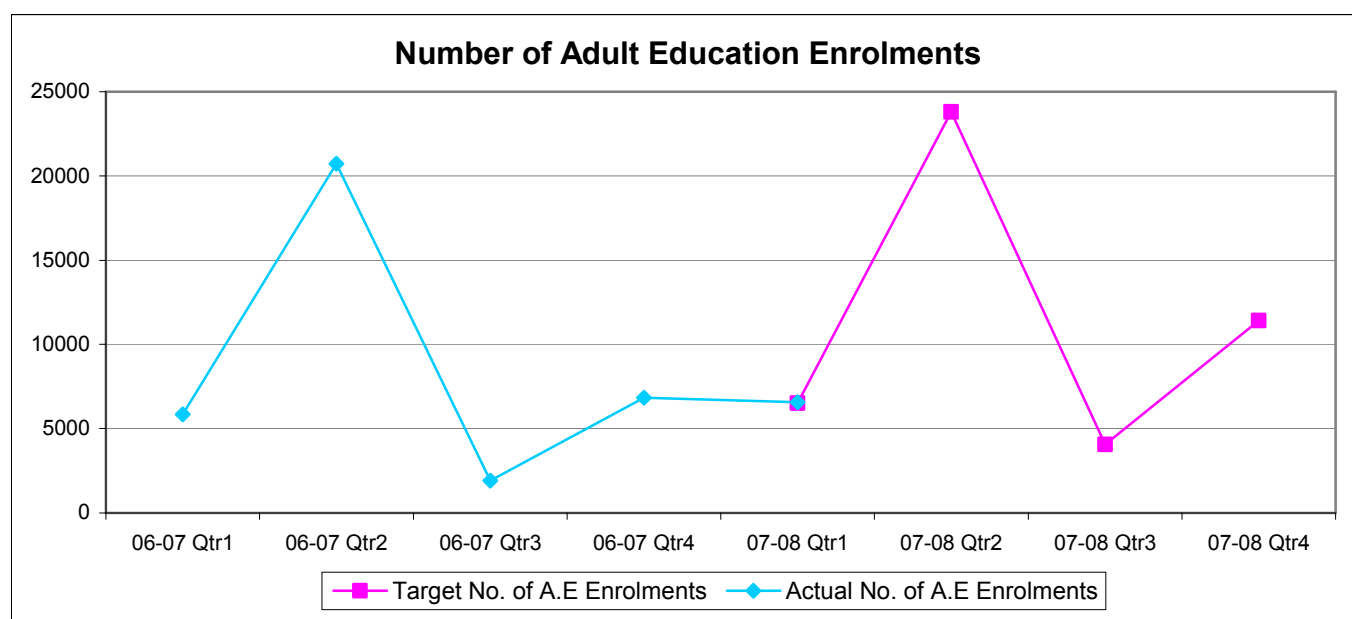
*2 – since 01/01/06 callers to RBWM Trading Standards are asked to redial CDSE direct

*3 – since January 2007, West Sussex calls and e-mails have been diverted to CDSE.



	Financial Year		
	2006-07	2007-08	
	A.E Enrolments	Target	A.E Enrolments
April – June	5,849	6,501	6,567
July – Sept	20,713	23,803	
Oct – Dec	1,925	4,071	
Jan - March	6,829	11,416	
TOTAL	35,316	45,791	6,567

In previous years we have shown the number of Adult Education learners. This year we have revised the data to show the number of enrolments as this gives a better picture, as some learners enrol on more than one course. Enrolments is a better indicator of income levels than student numbers as both LSC Further Education (FE) formula grants and tuition fees are based on enrolments.

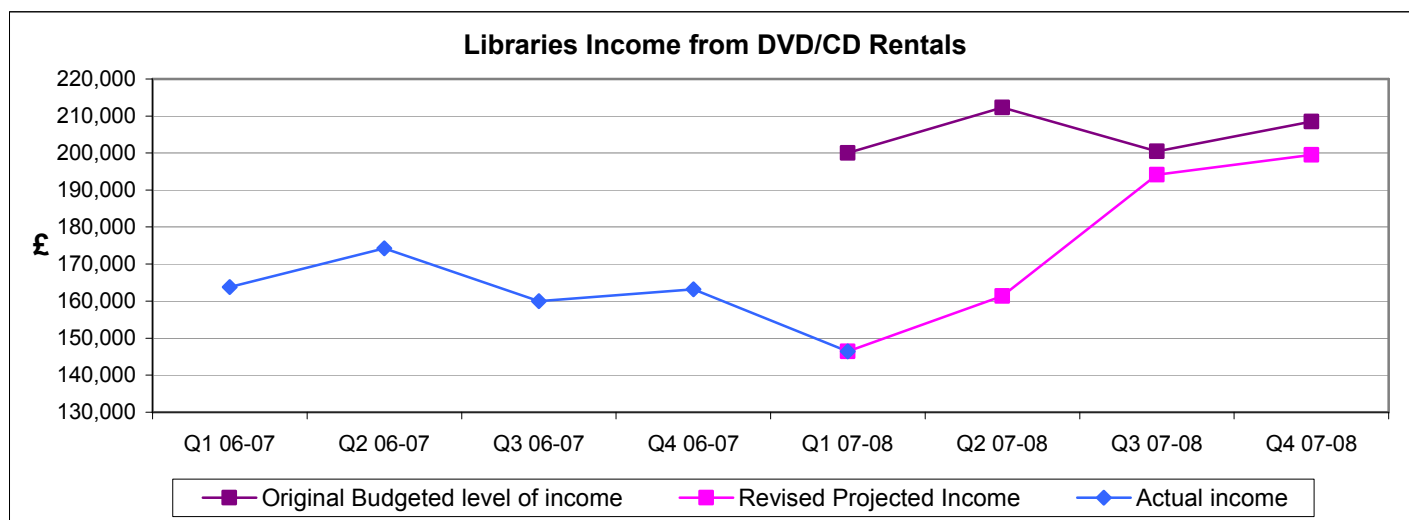
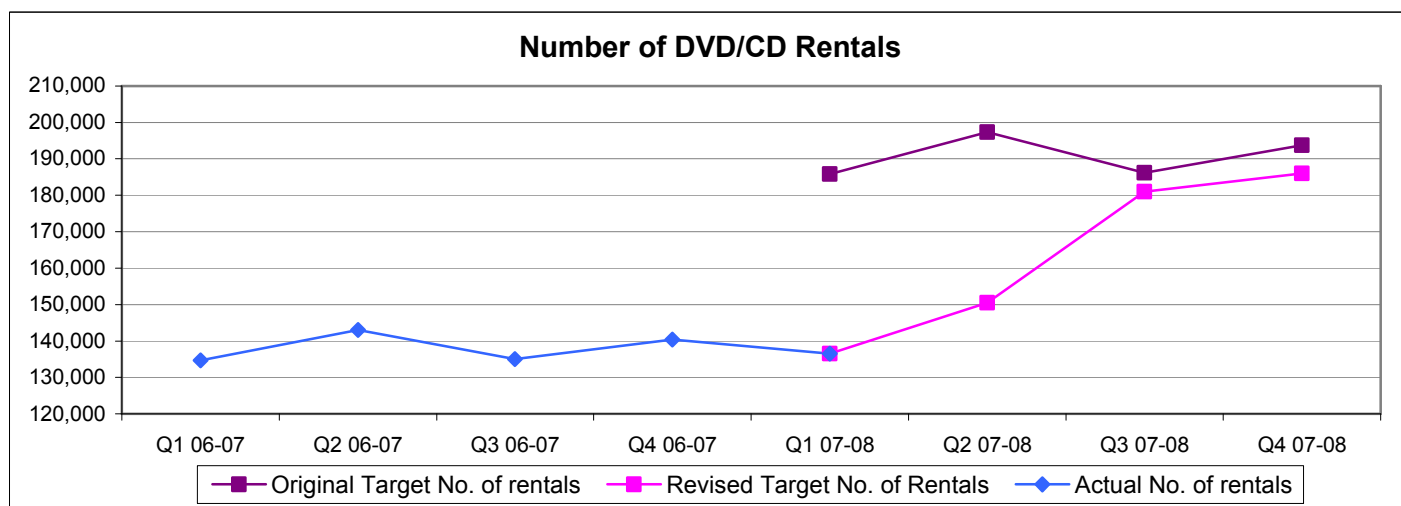


Comments:

- The LSC formula grants depend partly on enrolments to courses. Students taking courses leading to a qualification are funded via Further Education (FE) grant based upon the course type and qualification. However, students taking non-vocational courses not leading to a formal qualification are funded via a block allocation not related to enrolments, referred to as Adult and Community Learning Grant (ACL) grant. Student enrolments are gathered via a census at three points during the academic year.

Students pay a fee to contribute towards costs of tuition and examinations. There is a concession on ACL tuition fees for those aged under 19, those in receipt of benefits and those over 60. FE courses are free for those aged under 19 or in receipt of benefits undertaking Basic Skills or Skills for Life Courses.

	2006-07		2007-08					
	No of rentals	Income (£)	No of rentals			Income (£)		
	actual	actual	Budgeted target	revised target	actual	budget	revised projected income	actual
April – June	134,736	163,872	185,800	136,556	136,566	200,000	146,437	146,437
July – Sept	143,023	174,247	197,300	150,500		212,300	161,390	
Oct – Dec	135,010	160,027	186,200	181,000		200,400	194,096	
Jan – March	140,419	163,269	193,700	186,000		208,500	199,458	
TOTAL	553,188	661,415	763,000	654,056	136,566	821,200	701,381	146,437



Comments:

- Target figures for 2006/07 have not been shown as this data was not presented in monitoring reports last year
- Rentals of videos and CDs continue to decline as videos become more obsolete and alternative sources for music become more widely available. Demand for spoken word materials and DVDs has remained.
- Research undertaken by the service indicates issues can be increased if loans are offered for longer periods at a reduced fee. The service has also identified that it has a niche market for certain genres where demand can be sustained and there is little competition e.g. old TV shows.
- The service has reviewed its marketing strategy and set more realistic levels of rentals both in terms of volume and value. The service is looking to get income from other sources or, as a last resort, make compensatory expenditure savings to offset the estimated loss of £120k income.

CHIEF EXECUTIVES DIRECTORATE SUMMARY JULY 2007-08 FULL MONITORING REPORT

1. FINANCE

1.1 REVENUE

1.1.1 All changes to cash limits are in accordance with the virement rules contained within the constitution, with the exception of those cash limit adjustments which are considered “technical adjustments” ie where there is no change in policy, including:

- Allocation of grants and previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process.
- This quarter cash limits have been adjusted to reflect a number of technical adjustments to budget, including an increase of £0.610m due to the apportionment of the e-recruitment saving to other directorates and the addition of £0.255m of roll forward from 2006-07, as agreed by Cabinet on 16 July 2007.

1.1.2 **Table 1** below details the revenue position by Service Unit:

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Public Health portfolio							
Kent Department of Public Health	250	0	250	-50	0	-50	R/fwd to support promotion activities in 2008-09
Corporate Support portfolio							
Personnel & Development	10,075	-3,941	6,134	-79	4	-75	Delayed start to Health Checks
Business Solutions & Policy (inc Information Systems)	21,442	-5,782	15,660	925	-925	0	
Democratic Services	4,091	-93	3,998	27	-27	0	
Legal	4,546	-4,853	-307	864	-864	0	
Corporate Management & Strategic Development	2,725	-250	2,475	-52	52	0	
Dedicated Schools Grant	0	-2,789	-2,789	0	0	0	
Total CS&H	42,879	-17,708	25,171	1,685	-1,760	-75	
Policy & Performance portfolio							
Policy & Performance	1,840	-209	1,631	168	-168	0	
Kent Partnerships & Kent Works	368	0	368	79	-79	0	
International Affairs Group	375	-77	298	151	-151	0	
Corporate Communications	1,506	-92	1,414	2	-2	0	
Total P&P	4,089	-378	3,711	400	-400	0	
Finance Portfolio							
Strategic Management	1,619	-110	1,509	59	-59	0	
Finance Group	8,373	-3,320	5,053	-7	7	0	
Property Group	17,499	-10,995	6,504	0	0	0	
Total Finance	27,491	-14,425	13,066	52	-52	0	
Total Directorate Controllable	74,709	-32,511	42,198	2,087	-2,212	-125	

1.1.3 **Major Reasons for Variance:** *[provides an explanation of the 'headings' in table 2]*

Table 2, at the end of this section, details all forecast revenue variances over £100k. Each of these variances is explained further below:

N/A

Table 2: REVENUE VARIANCES OVER £100K IN SIZE ORDER

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
		+0			-0

1.1.4 Actions required to achieve this position:

N/A

1.1.5 Implications for MTFP:

N/A

1.1.6 Details of re-phasing of revenue projects:

Public Health: -£50k will need to be re-phased into 2008/09 to help fund the continued support and promotional activity within the Kent Department of Public Health to successfully promote healthy living for Kent's residents.

Personnel: -£75k will need to be re-phased into 2008/09 as there was a delayed start to the Health Checks programme resulting in part-year costs in 2007/08 and 2008/09.

Corporate Support: Although the portfolio is currently forecasting a breakeven position, this excludes the Home Computing Initiative which, due to the accounting treatment, will require a scheduled overspend of £263k to roll forward into 2008/09 to be met from staff salary deductions.

1.1.7 Details of proposals for residual variance:

N/A

1.2 CAPITAL

1.2.5 All changes to cash limits are in accordance with the virement rules contained within the constitution and have received the appropriate approval via the Leader or relevant delegated authority.

Cash limits have been adjusted this quarter to reflect:

	2007-08 £000s
<u>Corporate Support portfolio:</u>	
▪ Roll forward of the re-phasing from 2006-07	351
<u>Policy & Performance portfolio:</u>	
▪ Roll forward of the re-phasing from 2006-07	34
▪ Virement of Small Community Capital Grant budget to the Environment, Highways & Waste portfolio	-28
<u>Finance portfolio:</u>	
▪ Roll forward of the re-phasing from 2006-07	1,061

1.2.2 **Table 3** below provides a portfolio overview of the latest capital monitoring position.

	Prev Yrs Exp	2007-08	2008-09	2009-10	Future Yrs	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s
Corporate Support Portfolio						
Budget	2,680	3,644	4,757	1,239	497	12,817
Additions:						
- roll forward		351				351
-						0
Revised Budget	2,680	3,995	4,757	1,239	497	13,168
Variance		-93	93	0	0	0
split:						
- real variance		0	0	0	0	0
- re-phasing		-93	+93	0	0	0
Policy & Performance Portfolio						
Budget		500	500			1,000
Additions:						
- roll forward		34				34
- virement of SCCG budget		-28				-28
-						0
Revised Budget	0	506	500	0	0	1,006
Variance		0	0	0	0	0
split:						
- real variance		0	0	0	0	0
- re-phasing		0	0	0	0	0
Finance Portfolio						
Budget	1,103	5,466	4,344	4,079	9,185	24,177
Additions:						
- roll forward		1,061				1,061
-						0
Revised Budget	1,103	6,527	4,344	4,079	9,185	25,238
Variance		-1,496	0	0	0	-1,496
split:						
- real variance		-1,496	0	0	0	-1,496
- re-phasing		0	0	0	0	0
Directorate Total						
Revised Budget	3,783	11,028	9,601	5,318	9,682	39,412
Variance	0	-1,589	93	0	0	-1,496
Real Variance		-1,496	0	0	0	-1,496
Re-phasing		-93	+93	0	0	0

1.2.3 Main Reasons for Variance

Table 4 below, details all forecast capital variances over £250k in 2007-08 and identifies these between projects which are:

- part of our year on year rolling programmes e.g. maintenance and modernisation;
- projects which have received approval to spend and are underway;
- projects which are only at the approval to plan stage and
- projects at initial planning stage.

The variances are also identified as being either a real variance i.e. real under or overspending which has resourcing implications, or a phasing issue i.e. simply down to a difference in timing compared to the budget assumption.

Each of the variances in excess of £1m which is due to phasing of the project, excluding those projects identified as only being at the initial planning stage, is explained further in section 1.2.4 below.

All real variances are explained in section 1.2.5, together with the resourcing implications.

Table 4: CAPITAL VARIANCES OVER £250K IN SIZE ORDER

portfolio	Project	real/ phasing	Project Status			
			Rolling Programme	Approval to Spend	Approval to Plan	Initial Planning Stage
			£'000s	£'000s	£'000s	£'000s
Overspends/Projects ahead of schedule						
			+0	+0	+0	+0
Underspends/Projects behind schedule						
FIN	Commercial Services Vehicles, Plant & Equipment	Real	-1,496			
			-1,496	-0	-0	-0
			+1,496	+0	+0	+0

1.2.4 Projects re-phasing by over £1m:

N/A

1.2.5 Projects with real variances, including resourcing implications:

Finance Portfolio

An underspend of -£1,496.1k on Commercial Services Vehicle, Plant & Equipment replacement is largely due to continuing the trend adopted last year of leasing vehicles rather than purchasing outright. This will be matched by a reduced contribution to their Renewals Fund.

After allowing for this funding issue there is no underlying variance.

1.2.6 General Overview of capital programme:

(a) Risks

N/A

(b) Details of action being taken to alleviate risks

N/A

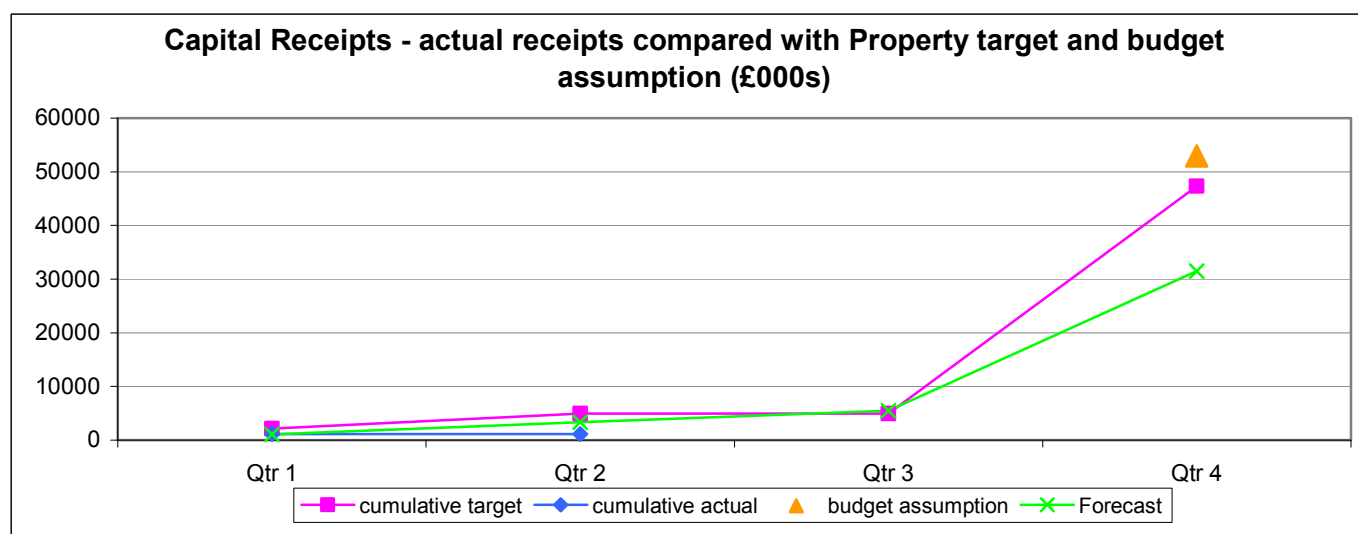
2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

2.1 Capital Receipts – actual receipts compared to budget profile:

2007-08				
	Budget funding assumption £000s	Cumulative Target profile £000s	Cumulative Actual receipts £000s	Forecast receipts £000s
April - June		2,150	1,148	1,072
July - September		4,929	**1,148	3,314
October - December		4,929		5,444
January - March		47,359		31,540
TOTAL	*52,958	47,359	1,148	31,540

* figure updated from 2007-08 budget assumption to reflect roll forward from 2006-07

**actuals to 31 July 2007



Comments:

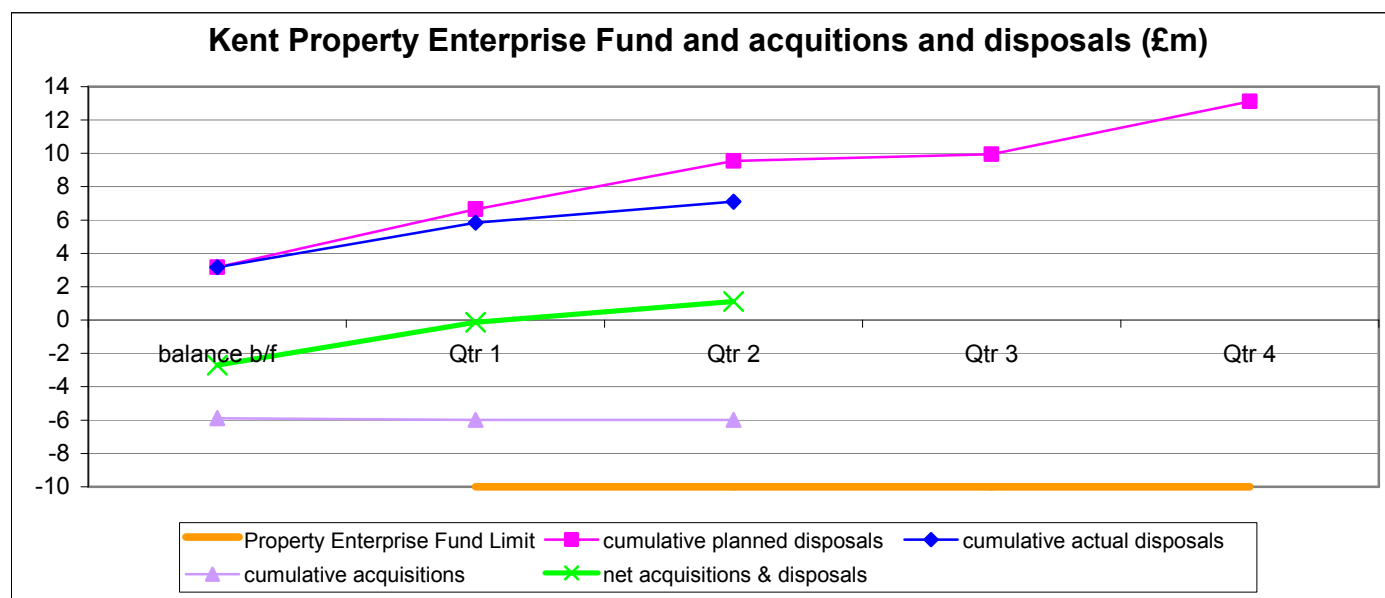
- The gap shown in the graph between the budget assumption and the Property target is due to a timing issue. The capital receipts need to be looked at over the three year span of the Medium Term Plan (MTP), in conjunction with the funding assumption, as shown in the table below.
- If a reasonable level of capital receipts is not achieved this financial year there is also a risk that the 5% top slice on those actually achieved will be insufficient to meet the capitalised revenue costs of Property Group's disposal activity, creating a pressure upon Property Group's revenue budget.
- With the high percentage of the current year's receipts forecast to be delivered in the final quarter, there is an obvious risk that the actual receipts banked by 31 March 2008 are lower than projected. This could have to be compensated by short term borrowing.

	2007-08 £'000	2008-09 £'000	2009-10 £'000	Total £'000
Capital receipt funding per 2007-10 MTP	47,973	71,943	50,424	170,340
Capital receipt roll forward changes	4,985	-10	-10	4,965
	52,958	71,933	50,414	175,305
Property Group's forecast receipts	31,540	54,725	22,800	109,065
Receipts banked in previous years for use	2,208	256		2,464
Receipt funding from other sources	1,782	1,500	4,500	7,782
Potential Surplus/Deficit (-) Receipts	-17,428	-15,452	-23,114	-55,994
Sites identified by Directorates for Property to work up for disposal*				57,800
Overall Potential Surplus				1,806

* Timescale for delivery uncertain until worked up by Property Group

	<i>Kent Property Enterprise Fund Limit £m</i>	Cumulative Planned Disposals (+) £m	Cumulative Actual Disposals (+) £m	Cumulative Actual Acquisitions (-) £m	Cumulative Net Acquisitions (-) & Disposals (+) £m
Balance b/f		3.173	3.173	-5.888	-2.715
April - June	-10	6.655	5.847	-5.983	-0.136
July – September *	-10	9.540	7.093	-5.983	1.110
October - December	-10	9.938			
January - March	-10	13.122			

* reflects position to the end of July



Comments:

- County Council approved the establishment of the Property Group Enterprise Fund, with a maximum permitted deficit of £10m, but self-financing over a period of 10 years. The cost of any temporary borrowing will be charged to the Fund to reflect the opportunity cost of the investment. The aim of this Fund is to maximise the value of the Council's land and property portfolio through:
 - the investment of capital receipts from the disposal of non operational property into assets with higher growth potential, and
 - the strategic acquisition of land and property to add value to the Council's portfolio, aid the achievement of economic and regeneration objectives and the generation of income to supplement the Council's resources.

Any temporary deficit will be offset as disposal income from assets is realised. It is anticipated that the Fund will be in surplus at the end of the 10 year period.

Balance brought forward

In 2005-06, £0.541m of capital receipts were realised from the disposal of non-operational property. The associated disposal costs of £0.054m were funded from these receipts, leaving a balance of £0.487m available for future investment in the Kent Property Enterprise Fund. In 2006-07, £2.632m of capital receipts were realised from the disposal of non-operation property giving a balance of £3.173m for investment. The Fund was used to acquire land at Manston Business Park, which together with the acquisition and disposal costs in the year totalled £5.834m, leaving a deficit of £2.715m to be temporarily funded from the £10m borrowing facility.

Planned Disposals

At the start of 2007-08 Property Group identified £9.949m worth of potential non-earmarked receipts to be realised this financial year.

Disposals to date this year have been encouraging but there are signs that the market is hardening, potentially affecting the ability to achieve the £9.949m. A review of the target will be undertaken following a planned September auction.

Actual Disposals

As at the end of July 2007 the Fund had realised £3.92m of capital receipts this financial year through the sale of 27 non-operational properties.

Acquisitions

At present there are no committed acquisitions to report.

Other Fund Commitments

The 2007-08 revenue budget includes income of £3.3m of receipts to be generated by the Fund in the current year.

The Fund has been earmarked to provide funding of £5.2m for the Eurokent Access Road scheme in Ramsgate, Thanet.

FINANCING ITEMS SUMMARY JULY 2007-08 FULL MONITORING REPORT

1. FINANCE

1.1 REVENUE

1.1.1 All changes to cash limits are in accordance with the virement rules contained within the constitution, with the exception of those cash limit adjustments which are considered “technical adjustments” ie where there is no change in policy, including:

- Allocation of grants and previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process.
- This quarter cash limits have been adjusted to reflect a number of technical adjustments to budget, including the apportionment of £0.596m of the provision for Kent Scheme revision to service portfolios and the addition of £0.512m of roll forward from 2006-07, as agreed by Cabinet on 16 July 2007.

1.1.2 **Table 1** below details the revenue position by Service Unit:

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Corporate Support portfolio							
Contribution to IT Asset Maintenance Reserve	2,433		2,433			0	
PFI Grant		-683	-683			0	
Total Corporate Support	2,433	-683	1,750	0	0	0	
Finance Portfolio							
Insurance Fund	3,479		3,479			0	
County Council Elections	255		255			0	
Workforce Reduction	1,463		1,463			0	
Environment Agency Levy	331		331			0	
Joint Sea Fisheries	252		252			0	
Audit Fees & Subscriptions	800		800			0	
Interest on Cash Balances / Debt Charges	103,948	-6,297	97,651	-609	-700	-1,309	debt restructuring & increased base rates
Contribution from Commercial Services		-5,010	-5,010		250	250	delay in letting outdoor advertising contract
Public Consultation	100		100			0	
Provision for Kent Scheme Revision	18		18			0	
Local Priorities	682		682			0	
Local Scheme spending recommended by Local Boards	764		764			0	
Local Boards - Member Community Grants	38		38			0	
Transferred Services Pensions	22		22			0	
PRG & Capital Reserves		-2,159	-2,159			0	
Income from Kings Hill		-1,000	-1,000			0	
LABGI income		-3,200	-3,200			0	
Margate's Big Event	10		10			0	
Kent Celebration of Youth Event	5		5			0	
Total Finance	112,167	-17,666	94,501	-609	-450	-1,059	
Total Controllable	114,600	-18,349	96,251	-609	-450	-1,059	

1.1.3 Major Reasons for Variance: [provides an explanation of the 'headings' in table 2]

Table 2, at the end of this section, details all forecast revenue variances over £100k. Each of these variances is explained further below:

1.1.3.1 Financing Costs:

Interest on Cash Balances

- There have been 2 base rate rises since the budget was set and market pessimism persists making investment returns higher than originally forecast.
- Longer term callable deposits have been restructured to give an improved interest return.
- Balances have increased with the receipt of grants earlier than we had profiled at the time of setting the budget.

Debt Charges

- No new borrowing has yet been taken in 2007-08 thereby saving against interest costs.
- Restructuring of £144.1m of existing debt has made further savings against the budget.

1.1.3.2 Commercial Services:

Due to delays in letting the contract for outdoor advertising and sponsorship, we will not achieve all of the expected £500k in the current year.

Table 2: REVENUE VARIANCES OVER £100K IN SIZE ORDER

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
FIN	Commercial Services - delay in letting outdoor advertising contract	+250	FIN	savings resulting from debt restructuring and higher investment income due to cash balances and increased interest rates	-1,309
		+250			-1,309

1.1.4 Actions required to achieve this position:

N/A

1.1.5 Implications for MTFP:

N/A

1.1.6 Details of re-phasing of revenue projects:

N/A

1.1.7 Details of proposals for residual variance:

N/A

1.2 CAPITAL

N/A

2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

N/A

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Report to Cabinet – 17 September 2007

By: Paul Carter, Leader of the Council
 Nick Chard, Cabinet Member for Finance
 Peter Gilroy, Chief Executive
 Lynda McMullan, Director of Finance

AUTUMN BUDGET STATEMENT

Summary

This paper sets out the context, at both the national and local level, within which the County Council's medium term financial plan will be framed over the next three years.

There are three critical issues facing local government at the moment. The first issue is about the totality of resources that will be available at a national level for our services which will flow from the national Comprehensive Spending Review 2007 due in October. The second is about how those resources will be distributed to authorities through formula grant and specific grants, with the former having particular implications for authorities such as Kent who are currently floor funded. The government is currently consulting on changes to the formula grant and the deadline for response, to which the County Council will of course respond, is 10 October. The third is how we balance increasing demands on our services due to demographic and wider socio-economic change, government imposition of new burdens, climate and environmental change, rising customer service expectations and indeed our own aspirations for continued innovation and improvement in services at a time of nationally and locally constrained resources.

Recommendations

To note:-

1. National Context:

- that the outcome of the delayed Comprehensive Spending Review 2007 will inform the overall financial parameters within which we will be able to work
- that the subsequent local government finance settlement, which will be dependent upon CSR 07, will be the first full three year settlement for local government covering the period 2008-11

2. National Resources Position:

- key driver of resources for local government in total will be CSR 07
- pre-announcements for many central government departments include a raft of minus 5% in real terms per annum budget reductions - the funding position will therefore be significantly constrained
- awaiting spending announcements on the NHS, defence and local government amongst others
- Institute for Fiscal Studies suggests there may be a little as 0.4% real terms spending available for all remaining services not yet announced, after allowing for expected increases for the NHS

- currently there is a major consultation on reforms to the local government finance formula which will set the formula for the next three years
- outcome of local government finance settlement remains extremely uncertain both at national level and individual authority level

3. Kent – Local Resource Allocation

- a) the items on which KCC and partners are most concerned are:
- the local impact of the Comprehensive Spending Review 2007
 - the overall resources available to fund service pressures and inflation
 - regional disparities, in particular flowing from the Barnett formula and other regional comparisons
 - the funding of the Growth Agenda
 - the operation of the main funding formula and its inbuilt deficiencies which fail to adequately reflect Kent's unique features
 - the operation of Dedicated Schools Grant and its inbuilt deficiencies in terms of resource allocation and the total quantum of funding
 - the burdens imposed upon us by government without adequate recompense in terms of additional funding
 - a continued failure by government to assure us that it will fully reimburse asylum costs
- b) KCC has been and will continue to lobby and influence the CSR as it progresses.
- c) KCC has developed and strengthened its policy led budgeting yet further to ensure that it optimises the allocation of constrained resources to meet local priorities
- d) the financial planning risks for KCC which are set out in paragraph 98 onwards of this report
- e) the proposed Medium Term Planning key milestone dates set out in Appendix 1.

Background Documents: None

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AUTUMN BUDGET STATEMENT

INTRODUCTION

1. This report is a key stage in medium term financial planning. It provides an opportunity to review both the national and local contextual issues that will shape our forward thinking for the next three years. It also gives direction to the necessary actions required to deliver the Council's policies and priorities and sets out the financial framework for the budget and medium term financial plan, which will be presented for formal agreement by Council next February.
2. The report is in two parts. Part 1 sets out the national context for the Council's financial plan over the next three years. In particular it looks at what resources will be available to local government from the national perspective. Part 2 is about delivering the medium term plan in KCC within the context of the likely distribution of the total national resource to Kent over the medium term.

PART 1: NATIONAL FINANCIAL CONTEXT: RESOURCES

3. Budget planning takes place within the context of the national economic and public expenditure plans. This part of the report discusses the broad national assumptions within which the budget and medium term plan will be framed.

The Economy and Public Expenditure

4. The Budget 2007, announced on 21 March, is the most recently published document setting out the government's view of the national economic situation and the public finances. Featured, were the plans to remove the 10 pence starting rate of tax, and to cut the basic rate of income tax from 22 pence to 20 pence from April 2008. The Chancellor reaffirmed that inflation is expected to stay at a 2.0% target rate, with CPI returning to target in the second half of 2007. The economy is expected to grow from 2.75% to 3.25% cent during the year, and from 2.5% to 3.0% in 2008 and 2009. The Chancellor will be presenting his pre-budget report in October 2007, which will provide updated forecasts of the public finances and will set the scene for the 2008 Budget.
5. The Bank of England's Monetary Policy Committee increased base interest rates on 5 July 2007 from 5.5% to 5.75%, the sixth rate rise since last August. Interest rates are now at their highest since March 2001. These decisions are reflective of continuing inflationary pressure in the UK economy (see below).

Inflation in the Public Sector

6. Inflation is currently running at 1.9% (CPI July 2007). Whilst the trend in this figure is now downwards, primarily due to falling gas and electricity prices, it has previously remained well above the government's target rate. The rate has not previously been at or below the target rate of 2.0% since April 2006, and rose to a high of 3.1% in March 2007. In contrast RPI, the inflation measure which is used for benefits indexation, is currently running at 3.8% (July 2007). There is a particular upwards pressure on the RPI from mortgage interest payments (excluded in CPI) which have been rising as the base rate has risen. The interaction of higher interest rates and lower CPI has made trend patterns harder to establish for RPI but, until this month, the rate has been consistently above 4% since last December.

7. In the Chancellor of the Exchequer's Budget 2007 Statement, it was commented that whilst other economies had seen an inflation increase of over 3.0% at some points, because of rising oil and commodity prices, Britain had never gone over this mark. This is now not the case, the position being breached in March 2007 although the CPI is now beginning to fall.
8. Neither CPI or RPI may be the best rates to use when considering public sector inflation. One of the biggest difficulties in dealing with this area is to find any robust consistent method of measuring public sector inflation. The current methodology is derived from public sector outputs and has been revised many times by the Office for National statistics (ONS). The Chief Secretary to the Treasury has agreed in principle to develop a measure of public sector inflation but progress on its implementation has been slow and there has to be concern that part of the reason for delay is that if there is a measure available which demonstrably shows funding increases at a rate less than inflation that government will feel under pressure, and rightly so, to increase its funding for local government.
9. The Adam Smith Institute has previously set out an argument that shows that public sector inflation (PSI) has run at almost 5% per year since 1997. Our estimates, based on current budget data continue to be consistent with a local price inflation rate in excess of 5%.

Government's Current Spending Plans

10. Spending Review 2004, published in July 2004, set out the government's spending plans for the period 2005-06 to 2007-08. This remains the prime source of funding information for local government as a result of the delayed announcement of the Comprehensive Spending Review 2007. Until CSR 07 is announced we simply have no published macro economic intelligence to base our spending and financing assumptions on.
11. The Budget 2007 highlighted the following:
 - public spending (combined revenue and capital) is to increase by an average of 2.0% per year in real terms.
 - landfill tax to increase to £32 per tonne in 2007.
 - spending on education is to increase by 2.5% in real terms.
 - it is not clear how councils will pay for the increasing costs of the aging population, and the burdens in later years.

Comprehensive Spending Review 2007 (CSR07)

12. On 19 July 2005, HM Treasury announced the second Comprehensive Spending Review (the first being 1997), which will report in 2007. CSR07 will examine what the investments and reforms initiated to date have delivered and what further steps must be taken to ensure that Britain is fully equipped to meet the challenges of the decade ahead.
13. In July 2006 HM Treasury released an interim report on CSR07 called "Releasing the resources to meet the challenges ahead". This set out the key elements of a wider programme of public sector reform and for the activities to achieve better value for money and improved investment.
14. The Government will publish the second Comprehensive Spending Review, now later than anticipated, in Autumn 2007, which will set spending limits for 2008-09, 2009-10 and 2010-11.
15. It is anticipated that CSR07 will reflect the worsening of the economic situation in the country, and that increases in grant will be below that of previous spending reviews.

16. The projection of growth is expected to be 2.0% in real terms (combined for revenue and capital spending), i.e. in addition to the rate of inflation. Existing commitments for Health and Education, amongst others, will eat into this real term growth, meaning that some services will get markedly less.
17. Nine government departments have received early CSR07 settlements with Departmental Expenditure Limits (DEL) declining by 5% per year in real terms over the three years term of CSR07. The Home Office has agreed an early settlement that maintains its DEL in real terms over the CSR period.

The 'Four Block' System

18. In 2006-07, settlements began adopting a new 'four block' system for formula grant, which means that total assumed spending and formula spending shares (FSS) no longer exist.

The four blocks of the model are as follows:

- i. Relative Needs Block – worked out using the Relative Needs Formulae (RNF), this is the equivalent to FSS
 - ii. Relative Resource Amount – takes account of different capacity to raise income for council tax (a negative amount for KCC)
 - iii. Central Allocation Amount – allocated on a per capita basis
 - iv. Floor Damping Block – to ensure that all authorities receive the minimum grant increase
19. The four block system is less transparent than the previous FSS system, and it is harder to explain to key stakeholders. This is because it is no longer possible to easily find out the total the government is prepared to support through grant and how much of this is assumed to be financed by councils' own resources (i.e. council tax).
 20. Government is currently consulting on changes to the formula funding (deadline for response is 10 October 2007) and it is expected that these changes will be announced at the same time as the three year settlement in late November or early December. This adds further uncertainty to the overall funding package making it incredibly difficult to plan with certainty now. KCC will of course comment vigorously on the proposed changes to ensure the best outcome for Kent residents and argue for a fair share of the resource allocation.

Education Funding and Dedicated Schools Grant

21. The DfES (now the Department for Children, Schools and Families) launched its five-year strategy for Children and Learners in July 2004, which set out key reforms including guaranteed three-year budgets for every school from 2006, tied to the CSR cycle and geared to pupil numbers, with every school also guaranteed a minimum per pupil increase each year. The DfES introduced this funding mechanism in the form of Dedicated Schools Grant in 2006-07. Indicative funding was announced for 2006-07 and 2007-08. A consultation took place in early 2007 about potential changes to this funding system for the period 2008-11 and decisions on that were announced on 25 June 2007..
22. The recent June announcements mean that the risks that we identified with the DSG system when it was introduced will continue for the next three years. Decisions on schools budgets will still have to be taken before DCSF announce the final DSG, due to lags in the DCSF systems for processing and verifying pupil data. Local decisions therefore have to be based

on indicative allocations with a mechanism to deal with under and over allocations. This was a significant issue for us in 2006-07.

23. The recent announcements do not change the fact that the funding arrangements seem to be based on an assumption that there is a national “one size fits all” solution to the funding of schools. The new system leaves little room for changes to reflect local needs and priorities. It also assumes that at the point in time that these changes were introduced the local schools formula was “right”.
24. On top of this, subsequent DCSF announcements have led to increased spending pressures on schools and the authority. The most significant of these was in relation to the Teachers Pension Scheme. The employers’ contribution has increased from 13.5% to 14.1% from 1 January 2007. The estimated annual impact is £2.4m which had to met by schools from other savings as this was not funded within the national DSG settlement.
25. There are immense pressures from Government stated commitments and priorities. By 2008/09, there is estimated to be an excess pressure of £11m on DSG funded services and no funding headroom to pay for this. The only option to close the gap other than cutting services would be to top up funding from council tax. But with funding pressures of our own it is wholly unacceptable to expect local taxpayers to top up a supposedly nationally funded schools service.
26. The overall impact of these changes has meant that the supposed headroom that the authority has (which is the difference between overall DSG funding increases and the amounts that have to be passported to schools and schools spending under the funding guarantee) may well become negative.
27. The decisions about the future funding framework that were announced in June 2007 include some significant longer term changes in respect of funding for schools and early years, Subsequent announcements have made it clear that by 2010 all funding for 16-19 year old students in schools and FE Colleges will be removed from the LSC and returned to local authorities through the DSG. By 2010-11 we have to have established a single local formula for all early years funding (maintained and PVI). By 2011-12 there should have been a wider review of the national methodology for DSG distribution to local authorities , from which a single formula for all should be announced. This could adversely affect Kent.
28. For KCC, there is a further particular concern in relation to the funding of those parts of the DSG that cover Early Years and non-delegated items such as spending on the , Education Welfare Officers (EWOs), Attendance & Behaviour Services, Pupil Referral Units etc. As a first call the DSG must fund the nationally set minimum per pupil increases in schools (the minimum funding guarantee), which means that the resources available in the DSG for the other services such as these may be squeezed to unacceptable levels. This is particularly an issue in terms of the early years funding for the PVI sectors where the DCSF announcements have built up a degree of expectation about improved funding despite the fact that there are no indications about any extra money being made available in the DSG. More detail on this is still emerging but we are unlikely to have any detailed information until CSR07 is announced in the late autumn.
29. There are continuing worrying issues in relation to new responsibilities and pressures for schools. The June announcements were clear that the DSG will include “substantial assumptions about the (cash) efficiencies schools will be expected to achieve over the next three years“ Schools are already having to make efficiency savings in order to balance their budgets because of the impact of falling rolls so this is effectively a “double hit” on them, exacerbated by the fact that local authorities will be required to claw back 5% of each schools reserves. It is crucial that the government correctly estimates and funds the costs

of pressures on the DSG. Alongside this there is the concern that there are no national mechanisms in place to reflect significant local pressures on schools – such as the big price increases schools face when long-term contracts for services such as energy, catering and cleaning come up for renewal – apart from squeezing that element of the DSG that funds other local authority services for schools and pupils. It was this failure to properly assess the costs that led to the national funding “crisis” in 2003.

Local Government White Paper 2006: Strong and Prosperous Communities

30. The Local Government White Paper was published on 26th October 2006. The paper indicates the next stages of public reform, and aims to ‘enable effective local services and create better places, through new relationships and better governance’ (Strong and Prosperous Communities, January 2007).
31. The paper encapsulates two big themes, both focused on empowerment. First of all, it proposes devolving more power to the local community, allowing more choice and greater opportunity for locals to have a say in how their local services are run. In order to achieve this, there needs to be a greater devolution of power from Whitehall to Town/County halls, to allow local authorities to be at the ‘heart of sustainable communities’. The paper realises the importance of local knowledge, and the need for local authorities to be leaders and place-shapers. It acknowledges that communities must be at the centre of reform.
32. The Government has implemented a plan to execute the key proposals from Volume One of the White Paper. The plan has been informed by the Local Government Association (LGA), the Audit Commission and the Improvement and Development Agency (IDeA), and will be updated on the Communities website every six months and/or when major milestones have been met so as to keep it relevant and up to date. There are five main workstreams:
 - Workstream 1 Local Government and Public Involvement in Health Bill
 - Workstream 2 Performance
 - Workstream 3 Governance and empowerment
 - Workstream 4 Cities and regions
 - Workstream 5 Community cohesion

Lyons Inquiry into Local Government

33. The Lyons Inquiry final report was published on the 27 March 2007 after much delay. The report was an independent inquiry into the role, function and funding of local government.
34. In the months preceding the Lyons Inquiry, staff held consultative events across the country for local people and business representatives. The Inquiry was also represented at various conferences on public and voluntary sector issues.
35. Sir Michael Lyons asserted the following:
 - That local government is pivotal to the survival of communities, by offering greater choice and flexibility.
 - That there should be a new partnership between central and local government. There needs to be devolution of decision making powers from central to local government, and at the same time, the latter should engage more effectively with its local people.
 - Council tax is not ‘broken’, but is seen as unfair.
36. Recommendations included:

- ring fenced grants should be reduced, thereby decreasing control from central government. Other ways of improving flexibility include ending the capping of Council tax; levying a supplementary business rate; and a new power to charge for domestic waste to help manage pressures on council tax.
- council tax benefit should be renamed a rebate, so as to break down barriers of those who feel a stigma about collecting benefit (there is currently £1.8billion of unclaimed council tax benefit). The saving limit of pensioners should also be raised to £50,000. Ultimately, council tax should be updated, possibly by adding 2 new bands (one higher and one lower), and houses should be revaluated more frequently.
- there should be a more independent public voice informing the public and parliament about the contribution of national taxation, thereby improving the transparency of the funding system.
- local prosperity and growth should have further incentives, initially through the reform of the Local Authority Business Growth Incentive Scheme (LABGI).
- in the medium term, it should be considered whether to proportion a fixed amount of income tax to local authorities. There should also be more incentives within the grant scheme.
- consider the introduction of a tourist level in some areas.
- in the long term, it might be beneficial to consider radical changes such as a local income tax, but much more public support and understanding is necessary than currently exists.

37. The recommendations on both local government finance and the future role and responsibilities of councils could take many years to implement.

National Spending Pressures

38. The Chancellor of the Exchequer has placed affordable housing as one of his main priorities, asserting that 3 million new homes will be built by 2020 – an increase of 250,000 from the previous plan.

39. Long term challenges as likely to be identified in the CSR07 include the global climate, waste, increases in the old age dependency ratio.

40. A draft Climate Bill was published in March 2007 to set targets for reducing carbon emissions. An Education Bill will raise the compulsory age of school leavers from 16 to 18.

41. The three biggest areas of funding strain are health, housing and education.

Local Government Pension Scheme

42. The regulatory framework for the new LGPS scheme will come into effect from 1st April 2008.

43. To address the general trend of increased life expectancy (and therefore pensioners claiming their pension for longer), the new scheme aims to make the LGPS more affordable and sustainable. Removing the 85 year rule, those who retire under 65 will receive slightly less, where those who retire later receive the full benefits. It is however, payable for a longer period for all involved continuing the overall strain on the pension fund.

44. On average, employers pay in twice as much as employees do- meaning this will also be payable for longer. The Government wanted to ensure no additional costs were imposed on the taxpayer, so plans are to be in place by March 2009 to have a mechanism of sharing future costs pressures. The actuarial valuation of the new scheme will not be until 2010,

and individual fund actuaries will set new employer contribution rates to take effect on 1 April 2011.

45. In the meantime we are currently faced with the triennial revaluation of the scheme in transition as at 31 March 2007 and the results will be known in late October. On balance, though, there appears to be some additional upward pressure on employer contribution rates to come due to longevity despite good investment performance. The recent market turbulence will have no impact on this triennial valuation.

Care Matters – Time for Change White Paper

46. Building on the Green Paper, Care Matters: Children and Young people in Care, this White Paper sets out the steps the Department for Education and Skills (now the Department for Children, Schools and Families) and local delivery partners will take to improve the lives of children in care.
47. The Paper sets plans for the increased stability of care placements; ensuring children are in school and making good progress; ensuring children in care have access to leisure and recreation activities; making sure the children have a voice which is heard by councils.
48. Financial methods to take effect include the provision of £500 per year for a child in care's education and introducing a national bursary of £2,000 for all young people in care that progress to higher education. There are also to be pilot programmes placing young people up to 21 years old in foster care. The implications these will have on resources will likely require additional funding.
49. The White paper does provide additional funds to implement these changes, namely £89/£96/£107 million over the 2008-11 CSR07 period. £22.5million of this will be specifically for a dedicated change fund but it is not clear how this will actually be allocated.
50. The LGA suggest there is a lack of attention in the paper to the weak links in place between the Youth Justice system and children in care; and also the issues for asylum seeking children.

Interaction of services with the NHS

51. There is a continued grey area between the NHS and local authorities in the responsibility for provision of some aspects of health and social care. The well documented and reported upon funding crises affecting aspects of the NHS are beginning to be felt by local authorities. KCC is no exception to this pattern.
52. The LGA has published a report following a study of local authorities operating in areas where NHS trusts are in deficit. Returns were received from 55 of the 78 local authorities in those deficit areas. Of these, 67% indicated that the deficit had had an adverse effect on the authority. It demonstrates that trusts have adopted a number of cost-cutting measures that have impacted on councils, including:
 - The withdrawal of funding from jointly funded projects
 - A sharp increase in the referral of patients that would normally be cared for by the NHS
 - Paying no more than one per cent inflation on existing joint contracts
 - Closure of beds
53. Measures local authorities have adopted to cope with the cutbacks have included:
 - Withdrawing services from people with lower-level care needs
 - Increasing waiting times for social care assessments and services

- Outsourcing more services
 - Transferring resources from other services – including leisure facilities and transport
 - Using budget reserves
 - Negotiating with – or taking legal action against – the NHS over the non-payment of bills
54. The Audit Commission has reviewed several aspects of the funding of the Health service, and published three reports, all of which have a bearing on this. The main themes identified were:
- The increasing severity of the deficits, and the concomitant difficulties of recovering from these
 - The needs for appropriate skills, leadership and cultures to be developed within the NHS organisations
 - The importance of a robust financial management framework to support radical service configurations, where these are deemed to be necessary
55. The position in Kent is that the overall Health economy was in deficit in 2006-07 (*check?*). Work is underway in the current year to develop and implement turnaround plans, but the scale of the challenge should not be under-estimated. A review has been commissioned by KCC. Emerging findings for KCC include:
- The robustness of financial management and organisational frameworks in PCTs during reorganisation
 - The level of management capability within the acute sector to deal with ongoing financial problems, particularly at East Kent Hospitals
 - How the new SHA will balance its efforts between the Kent and Surrey areas to ensure that the recovery programme in Kent does not falter, whilst accelerating the pace of recovery in Surrey and Sussex
56. The purpose of the report is to ensure that there is a robust understanding of the current position across the county, on which all further discussions and agreements can be based. At the same time, managers are working carefully to ensure that the risks and uncertainties arising from the difficult financial environment do not impact on services or service users. The budgetary risk is also being carefully monitored; and where appropriate Health decisions are being challenged. There will continue to be risk for the council's social care services all the time that the Health economy locally is so stretched. However, it is also clear that there can be no resolution to this difficulty unless the council is constructively engaged.
57. The new Health Secretary Alan Johnson has announced a review of the NHS to inquire how the service should be run over the next decade. The review is to be completed by July 2008. British Medical Association discovered in June 2007 that only a third of the public believe Labour's reforms have improved the NHS (Public Finance, July 2007). Some of the main issues for the public are access to GPs (including opening hours), unfriendly staff, and contracting infections whilst in hospital. An answer might be a new NHS Bill of Rights.
58. The Government published the Local Government and Public Health Bill on the 13 December 2006.
59. In order for local Councils to take greater share of responsibility in public health and health services, central Government is abolishing the Patient and Public Involvement Forums and the Commission for Patient and Public Involvement in Health are to be abolished. This is to take effect by 31 December 2007, and will be replaced by the Local Involvement Networks (LINKs). The prime function will be to *gather information and make the views of the public know about local health and social care services* (KCC meeting, 23 January 2007). LINKs

will apply to all councils that are responsible for Social Services. Whilst the administration will be outsourced, Dover District Council and its Primary Care Trust have agreed to be a pilot.

Differences across the UK

60. It is also perhaps worth noting and contrasting the different funding levels that exist between England, Wales, Scotland and Northern Ireland at a time when the balance of funding is being reviewed. The Barnett Formula, which was introduced in the seventies, and has not been reviewed since, results in substantially more public spending in these countries than in England. It is time that the formula was reviewed to see if it still accurately reflects relative needs.

Table 1 - Public expenditure by region/country

Country/Region	Spend £ per head of population 2006-07 plans
England	7,121
Of which South East	6,304
Scotland	8,623
Wales	8,139
Northern Ireland	9,385

(Source: HM Treasury: Public Expenditure Statistical Analysis, 2007, table 9.11)

Council Tax Increases

(a) Sustainability of Council Tax Increases

61. Council Tax has been increasing at a level significantly above inflation for a number of years.
62. The government expects council taxpayers in the South East, excluding London, to bear a much higher proportion of spending than in other regions, particularly in the North and Midlands. Table 2 shows that the proportion of spending borne by the council taxpayer is around 54% in the South East in 2007-08, but around 42% in the North East.

Table 2 – Funding, Grant and Council Tax in 2007-08

Region	Proportion of Budget Requirement met by council tax %	Grant increase %	Increase in Band D for all tiers %	Average council tax per dwelling £
Kent	47.3	2.7	4.9	1,152.12
South East	54.3	3.4	4.4	1,254.84
South West	55.7	4.3	4.5	1,157.69
Eastern	47.1	4.2	4.5	1,183.31
East Midlands	40.1	4.5	4.1	1,036.40
West Midlands	42.1	4.0	4.1	1,019.50
Yorkshire & Humber	46.0	3.6	4.2	958.86
North West	43.3	3.7	4.4	1,002.10
North East	42.5	3.5	3.8	966.94
London	42.2	3.4	3.6	1,167.34
England	45.1	3.8	4.2	1,101.19

Source: Communities 2007-08 Settlement data; CIPFA council tax statistics 2007-08

(b) Capping

63. KCC and the LGA are both opposed to capping. Ministers have reiterated that the government is prepared to use its capping powers to protect council-tax payers from excessive increases where necessary.
64. Ministers have indicated that increases in excess of 5% will be subject to scrutiny and run the risk of capping.
65. Although 35 authorities had increases that exceeded the stated 5% (in many cases because police authority precepts rose substantially in many areas) no authorities were actually capped in 2007-08.
66. However, no formal decisions have been taken at this stage on capping next year and beyond.
67. The Lyons Inquiry asserts that capping should be dropped. The government have dismissed this recommendation.

PART 2: DISTRIBUTION OF RESOURCES IN KENT

Provisional settlement 2008-09 to 2010-11

68. Due to the delayed CSR 07 announcement we have no formal basis for making any deliberations about the detail of our grant settlement from government for the next three years
69. All we know with certainty is the existing grant and the overall macro economic picture. We are therefore explicitly assuming a standstill position in grant terms for the County Council for the next three years. This also assumes floor funding protection at 0%.

Table 4 – Formula Grant for KCC as announced at 2006-07 Settlement

Formula Grant	2006-07 £m	2007-08 £m
2006-07 Settlement	226.2	
2006-07 Adjusted for specific grant and function changes	222.7	228.7 + 2.7%

70. It is unclear at present what specific grant and function changes will be reflected in the provisional and final 2008-11 settlements. Although the governments New Burdens doctrine is meant to recompense for function change at a national level it is not always clear that this is the case and furthermore distributional impacts on individual authorities at a local level can vary enormously. Where we are disadvantaged we will have no option, given the likely overall tight settlement, but to consider ceasing services where government ceases to financially support us adequately.

KCC Input to Comprehensive Spending Review 2007 (CSR07)

71. KCC has been and will continue to lobby and influence the CSR as it progresses. KCC has produced a document *Input into Comprehensive Spending Review 2007*, which provides information about the shortfall in funding that Kent suffers. This was submitted to HM Treasury on 26 May 2006.
72. We believe KCC has been under-resourced for some time and CSR07 is the appropriate juncture for the Government to take stock of resource allocation
73. In addition to this we believe that KCC does not receive the appropriate level of regional funding. Data from Public Expenditure Statistical Analysis (PESA) shows that the South East has one of the lowest regional Government spending per head of population with £6,304 per head in 2006-07, compared to £8,177 per head in North East and £8,623 in Scotland.
74. *Input into Comprehensive Spending Review 2007* makes proposals that Kent County Council urges the Government to take forward to address the potential shortfall in funding.

Local Area Agreements and Local Public Service Agreement 2

75. SR 2004 proposed the development of Local Area Agreements (LAA), a single framework operating at the local level to provide additional funding to areas. These involve government departments, local authorities and voluntary and community bodies coming together to agree where best resources might be allocated.
76. The Local Area Agreement is between Kent County Council, working with the Kent Partnership and other local partners, and the Government. The agreement covers the period 1 April 2005 to 31 March 2008 and comprises a set of 18 outcomes. These had been developed and agreed by a very wide range of partners across Kent. The indicators and targets are likely to change in the CSR07. Along with the outcomes, the other two core elements of the LAA are negotiating freedoms and flexibilities to assist delivery of the outcomes and the identification of funding streams to support delivery.
77. The Local Public Services Agreement 2 (LPSA2) has been developed alongside the LAA and all of the LPSA 2 targets contribute to the LAA. The total amount available on successful conclusion of all targets in LPSA2 is in the region of £36 million for all Kent partners and £32 million for KCC alone. We estimate KCC and its partners are likely to receive in the order of £23 million.
78. We are currently negotiating with government the second local area agreement. Government has indicated these will be delayed beyond 1 April 2008 and the implications

for wave 1 pilot authorities such as KCC whose first agreement runs out on 31 March 2008 are still being worked through.

79. We trust though that the announcements by the Local Government Minister on 3 July of a “new concordat between central and local government” and the announcements of the Chief Secretary to the Treasury on 18 July announcing a reduction in the number of PSA targets and a culture shift away from the strict target driven regime of the past decade will be reflected in the reality of a new LAA and not remain rhetoric.

The Efficiency Agenda

80. The report in July 2004 by Sir Peter Gershon on “Releasing Resources for the Frontline: Independent Review of Public Sector Efficiency” required 2.5% efficiency savings per annum for Local Government. KCC’s Medium Term Plan sets out a commitment to deliver more than £86m of budget savings and income generation over the next three years. In addition we are identifying other savings where we have increased quality or quantity of services within the same budget.
81. We have consistently met and indeed exceeded the government’s Gershon efficiency targets.
82. It was revealed in the Pre-Budget report 2006 that the efficiency saving will increase to 3% per annum. This might not necessarily be 3% for all services, so will schools be more than or less than the 3%? This detail is likely to be published alongside the CSR07. If it is indeed 3% across all services, then around £31m per annum will be cashable for schools and £32m per annum for non-school services - an ultimate of £63m cashable per annum. We expect this will be contained within the overall grant settlement, hence the assumed 0% per annum increase in formula grant. This efficiency target will get increasingly difficult to meet, given that in the past three years we have delivered some £90 million of efficiencies. The compounding effect of a further three years of 3% efficiency savings will be a huge challenge. An indication of the quantum of such efficiency savings, assuming a straight 3% across the board, is shown as a guide in Appendix 3.
83. Councils are required to submit Annual Efficiency Statements to the Department for Communities and Local Government setting out actions they have taken and cumulative efficiencies identified and ultimately achieved.
84. The drive for efficiencies and savings is not a new one for KCC. Savings in the published budgets of KCC amount to a cumulative £141.8 million between 2000-01 and 2006-07.
85. KCC submitted its first backward looking Annual Efficiency Statement for 2004-05 in June 2005 which set out achieved efficiencies of £21.8m. The second backward look Annual Efficiency Statement for 2005-06 set out achieved efficiencies of £21.9m. The third backward look Annual Efficiency Statement for 2006-07 set out achieved efficiencies of £17.9m. The forward looking Annual Efficiency Statement for 2007-08 sets out planned efficiencies of a further £30.7m.
86. Total efficiency savings of £90.3m have been or are planned to be achieved. Compared to the target saving of 2.5% per annum our performance represents an over achievement of some 72% against target.

Comprehensive Performance Assessment

87. On 22nd February 2007, it was announced that the KCC had achieved the highest 4 star rating for its annual CPA for the fifth year running, and that its direction of travel is 'improving strongly'. Many of the services have risen to new heights, for example the Culture score has gone from a rating of 2 to 4.
88. Only one other county council was rated four star, judged to be 'improving strongly', and awarded the highest mark for use of resources. Of the two county councils we had the lowest Band D Council Tax.
89. At the end of January 2008 a full corporate assessment inspection will take place, combined with an assessment on services for children and young people. This will be the most significant review the council has undergone since 2002. The Comprehensive Area Assessment will take place in 2009.

Growth Agenda

90. KCC's medium term planning needs to be seen in the context of Kent's housing growth and consequent wider infrastructure and investment needs. This is set out in "What Price Growth". The scale of development being sought by the Government will affect the whole of Kent and pose a huge financial challenge over the next 20 years. The Government has not yet fully recognised the scale of the investment in local services required by its plans for housing development in the South East.
91. KCC has been working with partners to assess the investment contribution that will be needed in the wider public sector to meet the scale of the growth in the county. We have developed models to assist in this assessment of our investment needs and the revenue impact of that investment. It is this context that we will continue to be urging the government that data on population numbers should be projected where possible for growth areas, and that any time lags should be avoided if at all possible.
92. The County Council will work together with the Government and across the public sector to maximise funding streams from other investment sources such as PFI and PPP where these offer value for money, as well as exploring Kent retaining a proportion of the additional business rates generated by new commercial development.
93. KCC's decisions on our Medium Term Capital Programme must be weighed against the scale of the Government's continuing support for borrowing and grant funding, the new prudential borrowing regimes, and the County Council's total borrowing and our ability to service this through revenue funding.
94. Some specific service issues affect authorities such as KCC. The shortage of land in the South East affects waste management costs, through higher capital costs of new facilities for recycling and incineration, as well as land fill.
95. The Government's "Building Schools for the Future" programme, which aims to transform the property estate of secondary schools, has seen initial work in Kent begin in 2007, KCC having been announced as part of tranche 3 of the programme. This has occurred because our educational performance (assessed by % of 5 A*-C at GCSE), is in the top quartile.
96. Over the past six years, in particular, the level of capital expenditure provided for by the government in public expenditure plans has increased significantly, particularly for building works at schools. At the same time, however, there has been a marked swing towards borrowing rather than capital grant, to pay for this welcome investment. In 1994-95 borrowing accounted for 59% of government capital approvals but by 2003-04, just prior to

the introduction of Prudential Borrowing, that had risen to 74% of approvals. The majority of capital expenditure based on government capital directions is therefore in the form of supported borrowing rather than government capital grant. This has obviously had a direct impact upon KCC's level of debt.

97. A further point to note on capital financing is that the revenue costs of the debt are picked up through the Capital Financing component of grant. However, on average only about 90% of the increase in borrowing is met through increased grant, leaving some 10% to fall on council tax. If, as anticipated, KCC receives only a floor level increase in grant next year, any increase in the cost of borrowing is all likely to fall on council tax.

Financial Planning Risks

98. All our resourcing and spending assumptions are based on the Government's expressed views about levels of council tax, increases in government grant and funding for Kent schools.

99. This year we face considerable uncertainty over funding both for next year and the following few years. We have the following to take into account:

- CSR07
- Uncertainty of whether a floor funded authority
- Uncertainty over formula grant changes
- Uncertainty over specific grant changes
- Size of the unfunded spending pressures growing each year (to £1,206m in 2017-18)
- On-going risk of not recovering costs of supporting Asylum Seekers.

100. There is uncertainty over the burdens that may be imposed upon local government by a number of new bills before parliament:

- Housing and Regeneration Bill
- Health and Social Care Bill
- Children in Care Bill
- Education and Skills Bill
- Planning Reform Bill
- Planning Gain Supplement Bill
- Climate Change Bill
- Local Transport Bill
- Criminal Justice Bill
- Coroner's Bill

101. There is a risk to the LABGI scheme. KCC has argued the current scheme is not operating as it should do. Other authorities, with specific issues, have gone further and sought judicial review of the government's operation of the scheme. On 31 July 2007, two councils won their judicial review that the government had not operated the scheme correctly. Government has undertaken to resolve the uncertainties that this now causes but we await further detail of how exactly this will be resolved.

102. Our key assumptions on the budget and medium term plan for the County Council are therefore:

- 0% grant increase for each of the next three years given the likely constraints imposed upon us by CSR 07 and the three year local government finance settlement
- 5% maximum increase in council tax per annum given the threat of capping

- Council Taxbase grows by 1% per annum
- 2% limit on pay having due regard to the Chancellor of the Exchequer's stipulation to all pay review bodies that public sector pay increases must be contained within that limit.
- That specific grant changes and risks do not adversely move against us, but if they do and funding is directly reduced, we will have no option but to reduce services
- That Dedicated Schools Grant is sufficient to meet all government promises on service extension and minimum funding guarantees
- That costs of asylum seekers are fully met and reimbursed by government
- That we have fully captured updated pressures on our services (pay, prices, demographics, legislation)
- That resources are aligned to policy priorities
- That we deliver significant efficiencies and savings in specific services and through a series of cross cutting reviews of services

103. Taking these assumptions we anticipate that the overall budget position will be as follows

	2008-09	2009-10	2010-11
	£'000	£'000	£'000
Base budget	744,266	771,189	803,988
Base adjustments	494	0	0
Pressures (see Appendix 2)	66,515	67,614	66,049
Savings and Income Generation	-40,086	-34,815	-31,221
Budget Requirement	771,189	803,988	838,816

104. Cash limits for individual portfolios will be set having due regard to our policy priorities. Our priorities will have due regard to spending pressures, demographic change, legislative imposition and local choice. The indicative pressures listed in appendix 2 will be scrutinised very closely as we go through the budget process. There will inevitably be changes to this as that process develops.

105. The overall scale of the gap between what we would wish to spend and what we are likely to be able to afford, and the consequential savings target, is likely to be consistent with the overall 3%, government imposed Gershon target over the medium term (estimated at around £104 million, in appendix 3).

Reserves

106. The Director of Finance is required to consider the adequacy of the authority's reserves as part of the budget process. Our existing strategy is to take a view about the balance of risk on our medium term financial plans in order that we maintain sufficient levels of reserves to meet such risks. It is our view that with £25.8m of general reserves (at 31 March 2007) this is achieved but will be reviewed, as normal, during the budget process.

Appendix 1 – Timetable

Key Milestone Dates

<i>What</i>	<i>Who</i>	<i>When</i>
Autumn Budget Statement	Cabinet	17 September
Opportunity for Cabinet Scrutiny to consider Autumn Budget Statement	Cabinet Scrutiny Committee	27 September
Public consultation on budget	Cabinet Member for finance, finance officers, MORI, district council representatives	22 & 29 September
Respond to formal consultation on formula grant changes	Budget IMG, Cabinet	10 October
Comprehensive Spending Review 2007 announced by government then analysis and interpretation for impact on KCC 2008-11	Cabinet	15 October <i>(timing not yet announced by government)</i>
Review of budget proposals and overall pressures, impacting upon the relevant directorates	Policy Overview Committees	7 – 20 November
Provisional Settlement – announcement by government and then analysis and interpretation for impact for KCC 2008-11	Financial Strategy Group – briefing for all members	Late November / early December <i>(timing not yet announced by government)</i>
Update on Provisional Settlement and review of corporate budget strategy (if announced - see above entry)	Cabinet	3 December
Chancellor of Exchequer Pre-Budget Report	Financial Strategy Group	December <i>(timing not yet announced by government)</i>
Budget proposals published and press conference	Cabinet	21 January
Review of budget proposals and overall pressures, impacting upon the relevant directorates	Policy Overview Committees	25 – 31 January
Final settlement for 2008-09	Cabinet	Late January/ early February <i>(timing not yet announced by government)</i>
Opportunity for Cabinet Scrutiny to consider proposed budget	Cabinet Scrutiny Committee	1 February
Cabinet recommends budget to Council	Cabinet	6 February
Council sets budget and precept	Council	19 February

Appendix 2 – Indicative Pressures

	2008-09	2009-10	2010-11
	£'000	£'000	£'000
Existing pressures			
Pay	8,869	7,673	0
Prices	15,626	17,390	0
Government/Legislative	8,181	5,771	0
Demand/Demographic	4,525	5,738	0
Towards 2010	5,165	3,350	0
Schools Budget	33,850	20,072	0
Dedicated Schools Grant Increase	-38,187	-26,449	0
Service Strategies and Improvements	13,104	15,167	0
Sub-total	51,133	48,712	0
Major new pressures			
Prices – Private and Voluntary sector purchasing Increased prices	534		
Prices – impact of freedom pass	300		
Government - Looked After Children pledge	1,401		
Government - Early years pressures	1,259		
Government - Care Matters	911		
Legislative - Landfill Tax escalator	950	950	950
Demand – residential care	1,000		
Demand - Other fostering pressures	537	233	
Demand - Increased demand for Adult Services	3,354	2,602	
Demand - for Coroners/YOS services	300		
Service Strategies and Improvements - Increased Highways spending	5,000		
Service strategies and Improvements – Corporate Communications	350		
Service strategies and Improvements - Financing capital programme		5,615	10,000
Pay new year provision			9,392
Prices new year provision			15,024
Legislative new year provision			7,351
Demand new year provision			7,924
Schools Block new year provision			28,036
DSG new year provision			-35,903
Expected pressures to emerge - not yet fully identified		10,000	23,400
Other changes – net impact including revisions to existing pressures	-514	-498	-125
Total pressures	66,515	67,614	66,049

Appendix 3 – Assumed savings requirement at 3% (Gershon) per annum

	2008-09	2009-10	2010-11
	£'000	£'000	£'000
Operations, Resources and Skills (CFE)*	4,875	4,875	4,875
Children, Families and Educational Achievement*	3,989	3,989	3,989
Adult Services	12,822	12,822	12,822
Environment Highways and Waste	4,073	4,073	4,073
Regeneration and Supporting Independence	314	314	314
Communities	2,991	2,991	2,991
Public Health	0	0	0
Corporate Support	1,418	1,418	1,418
Policy and Performance	115	115	115
Finance	4,193	4,193	4,193
Indicative Gershon savings target	34,790	34,790	34,790

* These reflect new titles for CFE portfolios – likely to be further virements between the two portfolios as detailed budgets and responsibilities refined.

The savings requirements are calculated as 3% of gross 2007-08 budgets. Adjustment has been made to the education targets to **exclude** savings expected to be contained within Dedicated Schools Grant. These are estimates in advance of the publication of the government's updated Efficiency Technical Note which will set out detail on the overall target required.

To: Cabinet – 17 September 2008

By: Roy Bullock, Chairman, Informal Member Group -
Going Local;
John Wale, Assistant to the Chief Executive;
Martyn Ayre, Senior Policy Manager, Corporate Policy.

Subject: INFORMAL MEMBER GROUP “GOING LOCAL” –
Supplementary Report following County Council

Classification: Unrestricted

Summary: The final report of the Informal Member Group to County Council on 6 September is reproduced in full as Appendix 1. The views and comments Members expressed during debate in County Council are being summarised in a supplementary report, which will comprise Appendix 2 to this report and which is to follow.

FOR DECISION

1. The report attached at Appendix 1 represents the conclusions of detailed work which commenced in March 2006 with the appointment of the Informal Member Group by the Leader of the County Council, Mr Paul Carter.
2. The work of the Informal Member Group has examined all aspects of the County Council’s strategies, policies and service operations with a view to considering how engagement in local democracy can be enhanced.
3. The progress of this work has been reported previously to County Council, on 25 May 2006, and to Cabinet, in September 2006, culminating in a full debate of the Informal Members Group’s final conclusions and recommendations at County Council on 6 September 2007.
4. To assist Cabinet’s consideration of the final report, a summary of the views expressed and comments made during the course of the County Council debate which took place on 6 September 2007 will be circulated as soon as possible following the Council meeting..

Background Documents - none;

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To: County Council - 6 September 2007

By: Assistant to Chief Executive

Subject: Informal Member Group "Going Local" - Concluding Report to County Council and Cabinet September 2007

Classification: Unrestricted

Summary: The report:

- (i) Provides outcomes from the work of the Informal Member Group on the Localism Agenda both in Kent and nationally, reaches conclusions and makes recommendations and suggestions for future actions;
- (ii) Places before County Council Members recommendations for future direction, with particular reference to the Kent Commitment, the Local Government and Public Involvement in Health Bill, the Lyons Review and Member Roles, so that Members' comments can inform future consideration by Cabinet and Chief Officers;
- (iii) Suggests innovative and flexible use of modern technology including websites and Kent TV to influence and improve future engagement with public service users throughout Kent.

FOR CONSIDERATION BY MEMBERS SO THAT THEIR VIEWS CAN BE APPENDED WITHIN THE INFORMAL MEMBER GROUP'S REPORT TO CABINET.

Section A: Introduction and Background

1. This report on "Going Local" represents the conclusion of detailed work which commenced in March 2006 following the appointment of the Informal Group (IMG) by the Leader of the County Council, Mr Paul Carter.

2. The Leader gave the IMG the following Terms of Reference:

"To make recommendations to the County Council on

- (a) functions which could be undertaken by a Local Democratic Structure; and*
- (b) the impact of the Government Agenda on Localism for current democratic structures "*

3. The extensive work to date has been summarised in a number of interim reports to County Council (25 May 2006) and Cabinet (September 2006). The work has examined in detail aspects of KCC's strategies, policies and service operations, all of which currently have an impact at local level. It has also looked in depth at the existing Local Boards framework and the emerging Joint Local Board Pilots and Neighbourhood Forums in Dover. The IMG has also examined the role and functions of the Kent Partnership, Local Strategic Partnerships, Crime and Disorder Reduction Partnerships, with particular emphasis on Member roles.

4. The IMG has also examined a framework under which functions and some local decision-making could be delegated to local level. A risk analysis was also carried out in parallel with that framework.

5. Customer access to Members and Member roles were also examined, particularly the effect of the development of Gateways via a roll-out programme across Kent.

6. In parallel with the work of the IMG there have been, and still are, significant developments in terms of policy direction and drivers at both local and national level. Collectively, these are:

- (1) the Local Government White Paper and the subsequent Local Government and Public Involvement in Health Bill
- (2) the Lyons Review and Place-Shaping
- (3) the "Kent Commitment" agreed in January 2007 to improve Two-tier Working between KCC and District Councils
- (4) the Local Agreement and District Chapters
- (5) Comprehensive Performance Assessment 2008 and future Corporate Area Assessment
- (6) the mixed performance of some current Local Boards, CDRPs and LSPs
- (7) the public's wish to be involved in local service planning and delivery and to see outcomes from their input

7. The report considers the way forward for Localism in Kent within this context, and especially those factors which could influence future community engagement strategies. In particular the report addresses the changing role of Members, and the use of new technology and multi-agency centres as well as more traditional styles of engagement to facilitate appropriate and effective two-way communication with the public on local service policies, priorities and performance.

8. The report also looks at how, on behalf of local communities, there could be service performance review and positive scrutiny of locally delivered services by joint authority bodies led by Members.

9. Many services are already highly devolved in terms of local delivery, but Members of the IMG believe there is a strong case for further local delegation in defined service areas and within a clear framework. The arguments for this case were made in 2006 and should be taken further. With any scheme of delegation there would need to be an appropriate framework for risk management and governance.

SECTION B

1. CONCLUSIONS FROM THE INFORMAL MEMBER GROUP

- 1. KCC has built substantial capacity in Localism since 2004 in terms of networks, awareness, trust and capability to work at local level with tangible outcomes; it now needs to develop local networks further in order to maximise potential.**
- 2. The current Local Boards, (LBs) are popular and well-supported in some areas but not all; LBs have had variable success and are not liked by all Districts. KCC therefore needs to consider what other forms of structure would help develop the localism agenda.**
- 3. Kent's engagement with Parish and Town Councils is innovative and very well-developed compared to other authorities (South-East England Employers' Conference, 28 June 2007); this needs to be a stepping stone to future success in community involvement in local services.**
- 4. "One size does not fit all": Kent is a county with widely varying characteristics and needs; within a single framework for Localism in Kent, KCC and its partners should use innovation and flexibility to achieve best outcomes for its public and other Partners (this has already been exemplified in Dover and in Tonbridge & Malling).**
- 5. Comprehensive Performance Assessment and Comprehensive Area Assessments require that there is more effective joint working which is evident for the public to see; this must be borne in mind in any future strategy for localism.**
- 6. There needs to be acceptance of the legitimacy of the role of all Members, KCC/Districts/Town/Parish Councils and others as equal partners on local bodies.**
- 7. Member and Officer Roles are fundamental to the development of effective local involvement; Members and local officers need to be proactive, fair, firm when the situation demands, and operate in a style which is appropriate for their public, the meeting or event.**
- 8. There needs to be wider opportunity for front-line councillors from all parties to develop community roles from a position where they are empowered to do more; this will mean the Cabinet and Chief Officers "letting go" more, within agreed and well-defined limits, and considering local delegation.**

2. RECOMMENDATIONS FROM THE INFORMAL MEMBER GROUP

- 1. The principle of setting up Joint Local Boards/Forums with District Councils and Town/Parish Councils should be accepted.**
- 2. A new Strategy for Localism should build on the capacity gained from Localism Initiatives to date and use this to maximum potential.**
- 3. KCC and its partners should build on the positive outcomes from Dover Neighbourhood Forums , Tonbridge and Malling Joint Local Board and successes at the more effective Local Board meetings held during the past three years.**
- 4. Localism should be more outcome-focussed with regular reports to Cabinet/Cabinet Members and others; there should be prompt feedback to the public on specific issues raised at local meetings; electronic media and the KCC website should be used for this.**
- 5. Two key objectives in the way forward should be to meet the “place-shaping agenda” envisaged by Lyons, and to encourage all political representatives to become champions and leaders of their communities.**
- 6. There should be clear links to LSPs, CDRPs and other structures set up in response to new initiatives, for example Childrens’ Trusts, with Member roles and accountabilities defined to meet objectives of the Kent Commitment and individual council needs.**
- 7. Local Board outcomes need wider publicity at local level, not just in the Press, but through structured local networks including the development and use of modern systems including the Web and Kent TV. There may be a resource implication for this.**
- 8. Chief Officers and Cabinet should identify which services can be delegated to local level and be influenced by local Member views based where possible on community needs and preference.**
- 9. Budget options and priorities for local service provision should have major Member influence locally so that the prioritisation of spend at local level is a bottom up process within an overall financial settlement.**
- 10. KCC should explore further with District Councils and other local partners what they believe would improve community engagement at all levels within their District, within the objectives of the Kent Commitment.**

- 11. KCC should adapt Local Boards and extend Joint Local Boards and Neighbourhood Forums to other Districts according to local wishes.**
- 12. Member Development (including the need for training of Chairs of Local Boards and Forums) should be structured to achieve the objectives set out above and to embrace KCC's "Ways to Success" strategy so that the public's views and needs can be understood and responded to in an appropriate way.**
- 13. There should be an improvement in informal consultation processes for local services (eg based on similar lines to those currently operating within Kent Highway Services), and resources should be made available for the new strategy**
- 14. Use the roll-out of Gateway Facilities for co-location of Member and Local Services Surgeries.**
- 15. There should be a mechanism to assess the effectiveness of the overall structures emerging from the Kent Commitment and associated new partnerships.**
- 16. In light of the emerging policies on Localism, resources should be made available to enable the new strategy to be delivered; the role and number of Community Liaison Managers will need to be re-defined together with the need for support staff.**
- 17. Selected KCC grants and those of other public, private and voluntary bodies should from 2008/09 be aligned with the objectives within KCC and DC Community Strategies and be used as an incentive for leveraging in additional money and pooling of resources.**
- 18. Where there is agreement, there should be an option for Joint Transport Boards or Youth Advisory Groups to be merged with the new Joint Boards.**
- 19. Consideration should be given for new Joint Boards to play a role in Community Call for Action through local scrutiny; alternatively DC Scrutiny Committees could be augmented through co-option of KCC Members.**

- 20. Chairmanship of Joint Local Boards or Fora should be determined at local level and be open to Members from County, District, Town and Parish, on a rotational basis and according to local circumstances. There should also be a mechanism for planning and agreeing agenda topics throughout the year.**
- 21. Given its objectives for Localism, KCC needs to consider what its response would be in the event of a District Council not wishing to be a partner in such an enhancement to Local Boards.**

Section C: The National and Local Context on Localism

10. Much has happened in the last year which adds further weight to "going local".
- The Power Commission has called for a democratic renewal which begins with local democracy.
 - The "place-shaping" role of local government and its locally-elected representatives, trailed originally by Sir Michael Lyons in an Interim Report, has become everyday language in little over a year. Place-shaping denotes a set of activities and behaviours which characterise the pivotal role of local government as described in the Final Report by the Lyons Inquiry, and the October 2006 Local Government White Paper. It is currently reflected in the Local Government and Public Involvement in Health Bill on its passage through Parliament and for which Royal Assent is expected in November 2007.
 - The same Bill creates a new Best Value duty to involve citizens in identifying local issues and solutions.
 - It also identifies specific roles for local Members in bringing forward Community Calls for Action and broadening the scope of local scrutiny to hold a much wider range of public services to account.
 - The Bill makes clear that a national concern for improved community cohesion will be dependent upon action at the level of local democratic bodies.

The significance of all these 'localism' developments has been clearly underpinned in the Kent Commitment agreed by the 13 councils in Kent in January 2007. Implementation of the Act will be done largely through regulation and guidance, and it is noteworthy that bodies representing the interests of local government, such as LGA, IDeA and LGIU, SOLACE etc, have taken a leading role. In the longer term, however, it is local authorities such as KCC and its District Council Partners who will have to be accountable for future direction, actions, and outcomes.

Kent Context: the "Kent Commitment"

11. Arising from the Kent Commitment signed in January 2007 is the need for a political interface to compliment two-tier working and to focus on local issues and priorities through involvement of KCC, Districts and other service providers. A local interface would also provide linkages between "Vision for Kent" and "Towards 2010" with Local Community Plans and actions, and enable progress and performance to be assessed.

12. Within the context of the Kent Commitment, Member roles also need to be defined (as envisaged by Lyons), so that through detailed briefings and other meetings Members have sufficient knowledge and support to help them fulfil their emerging role. This will include greater Member empowerment over the family of

local public services within their geographic area, and transformation of governance arrangements. A joint county/district group of Leaders and Chief Executives is taking this forward to evolve governance and delivery structures which are appropriate to Kent. The precise linkages and relationships are still being developed.

Delegation and Devolution

13. Many service areas are already highly devolved managerially and operationally. The work of the "Going Local" IMG, together with information gained from meetings with District Chief Executives and Leaders has suggested that further specific delegation of some local services is wanted and may be possible. However, discussion with Parish and Town Councils in various areas of Kent and also with KAPC has indicated that very few have the desire or more particularly the capacity for local day-to-day management of services at local level. There is a strong wish to be involved and consulted, but there is also a widely held view that service procurement and delivery is best left to those agencies with appropriate professional resources and capacity to do this. Equally, several districts share KCC's concerns that over-delegation could in itself compromise service standards and performance, particularly when BVPIs and overall accountability are taken into account.

14. (1) The Informal Member Group takes the view that Chief Officers and Cabinet should identify which services can be delegated to local level and be influenced by local Member views based where possible on community needs and preference.

(2) Additionally, budget options and priorities for local service provision should have major Member influence locally so that the prioritisation of spend at local level is a bottom up process within an overall financial settlement.

(3) Members also believe that there should be an improvement in informal consultation processes for local services (eg based on similar lines to those currently operating within Kent Highway Services), and resources should, within reason, be made available for this.

Pooling of Resources to Make a Difference at Local Level

15. Currently KCC and DCs currently have many different funding streams for grants, but objectives, criteria and control frameworks vary widely. There is evidence from recent discussions to suggest there is a case for KCC, DCs and other public and private bodies to align grants more closely with Community Strategies, at the same time leaving some flexibility for Local Members. This could, in turn, present opportunities for large scale match-funding with outside bodies. However, in KCC it is recognised that individual Member Community Grants are very personal to Members.

16. The proposals within the Dover Neighbourhood Forum Pilots will offer some experience of this later in the year and in time for the 2008/09 budget preparation. Dover DC is contributing £45,000 to Localism in 2007/08. This sum

is being placed within the remit of the Neighbourhood Forum Pilots for recommendation to respective executives who will make final decisions.

17. The IMG believes that selected KCC grants and those of other public, private and voluntary bodies should from 2008/09 be aligned with the objectives within KCC and DC Community Strategies and be used as an incentive for leveraging in additional money and pooling of resources.

Looking to the Future:

18. Local Boards have built effective local networks and capacity over the past 3 years. There are improved and sustainable links with DCs, parish and town councils, volunteer groups and other private sector and community groups. The full potential of these contacts has yet to be realised, but it is believed that the Kent Commitment, Lyons Review and Local Government Bill now all provide the opportunity for this to be achieved.

19. KCC has also led a significant development in communication between the public, Kent Parishes, and Town Councils via the Kent Parishes portal. This provides a link to a ready-made website for each parish and town council in the county, where parish clerks can publish information about their council such as agendas and minutes, plus local news, services and web links to local organisations and events. Many residents are already using the websites to get in touch with their parish council online, and there is great potential for further development and use in the future through KCC's support.

20. Districts' views on KCC Local Boards vary, but the majority find the links and the contacts, at Member and officer level, useful. Several have indicated within the past year that they would be willing to become involved in joint working, possibly within a future derivative of the current Local Boards framework. All Districts agree with KCC's view that "one size does not fit all" and welcome our willingness to be flexible in the approach to joint working. The Dover Neighbourhood Forum Pilots are progressing very well and are achieving their stated objectives through engaging more of the public - informally, but with local focus and clear outcomes and responses.

21. Several councils have indicated recently that they may be willing to work together at Member level. These would not necessarily be "joint local boards" but could also be modifications of current area committees, if that approach was deemed appropriate for all partners and could offer the possibility of making a real difference. Further exploratory work could be considered using lessons from existing pilots and also from DC Area Committee experiences.

New Techniques for Engagement: Electronic media and other methods.

22 “Numbers through the door” is not the only way of judging success. We need to look at participation and outcomes. To meet the aspirations of the Lyons’ Report, and the Local Government and Public Involvement in Health Bill all elected Members must continue to adapt and modernise in the way public service providers engage the public. We must also understand our objectives for doing so. For example there could be wider development of Members’ own websites and “blogs” to seek local opinion. Major debates on topics such as Health and Climate Change could be the subject of simultaneous webcasting in different areas with a panel answering questions to all listeners from one of the main venues. Kent TV will provide huge potential for communication and engagement on major policy issues. Members and officers will need to change and adapt so that we and other partners can experiment more.

23. KCC has tried the “Question Time” approach, with success, and also the “local service workshop” format at Neighbourhood Forum Meetings and some Local Boards. The latter format has proved popular with presenters and participants, and has also led to clear action points to be referred to councils and external agencies.

24. **Other Local Authorities:** KCC’s “Going Local” IMG has looked at examples of Localism in other areas of England. For example, Lancashire CC, and Bucks CC have each operated a “Meet the Cabinet” Question-time in several venues; many authorities have a system of combined CC/DC and Parish/Town Forums.

25. **There are many other examples which are still under examination and which can inform future direction. However, because of its size and geographic complexity, Kent needs a solution which is flexible in approach and adaptable in style, with a focus on local outcomes and effective two-way communication for service users, service providers, and elected Members.**

26. Conclusions from the Informal Member Group

- (i) IMG Members’ views were obtained at the meeting of the Group held on 18 July 2007, following which the Conclusions and Recommendations listed in Section B2 of this Report were agreed.
- (ii) These have been passed informally to Cabinet Members and to Chief Officers during August 2007. The response of the Chief Officer Group will be tabled at the County Council Meeting on 6 September.

27. Recommendation

The views of County Council Members are now requested so that these, together with the IMG's Report, and the views of Chief Officers, can be passed on formally for consideration by Cabinet, so that a series of options can be developed for taking forward with other local authority partners.

Report prepared on behalf of the Chairman and Members of the "Going Local" Informal Member Group.

Authors: John Wale (01622) 694006 and Martyn Ayre (01622 694355)

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Background documents: Nil.

.Dover Neighbourhood Fora (update to August 2007)

- The principles were agreed with Dover DC, the Kent Association of Parish Councils and local Town/Parish Councils in the autumn of 2006, the first two rounds of meetings in public took place during November 2006 to June 2007. A 6-monthly progress report has now been prepared.
- All meetings have provided lively and interactive discussion on the main agenda topic. A significant number of outcomes have resulted, requiring action or consideration from services providers or from policy-making executives in KCC, Dover DC, Government Office for the South-East (GOSE), Health Authorities, and local ferry-operators. Feedback sessions have been held with Dover District Council officers and also with County Council Members.
- Key points arising from the Neighbourhood Forums are:-
 - The combined audience attendance for the first full round in late 2006/early 2007 was more than 200, with an average of more than 40, and a maximum of 60+ for the workshops at Deal. (This has since been exceeded by an attendance of 80+ at the second meeting of meeting of Deal Town Forum on 15 March 2007.)
 - nearly all local Parish and Town Councils have attended.
 - Kent Association of Parish Councils (KAPC) has been fully supportive and its representatives have attended wherever possible.
 - The Chairs elected are all KCC Members; Vice Chairs are all Town Council or Parish Council Members.
 - Parish Councils have clerked a small number of the meetings.
 - Within similar overall terms of reference, each Forum is different in style and outreach, reflecting the flexibility in approach.
 - The discussions have been interactive and very lively, with many good suggestions emerging for service priorities and changes; informal chairmanship and style have helped the process greatly.
 - Local Members are very pleased with overall progress, and feel the building of relationships and trust with the local community has been excellent.
 - The key challenge has been to respond to each community on outstanding issues, and to sustain interest and activity in the longer term; it has been agreed that setting agenda topics for the full year will help the process.

By: Graham Badman, Managing Director for Children, Families and Education
 Mark Dance, Cabinet Member for Operations, Resources and Skills, CFE
 Chris Wells, Cabinet Member for Children, Families and Educational Standards, CFE

To: Cabinet – 17 September 2007

Subject: Kent Children’s Trust Governance Framework

Classification: Unrestricted

Summary: This paper sets out the principles underpinning the governance arrangements for the Kent Children’s Trust. It seeks Cabinet approval for these principles and the continued development of the governance framework.

Introduction

1. (1) The development of children’s trust arrangements is part of a national programme of change to improve outcomes for children and young people in line with the Every Child Matters (ECM) framework. This outcomes framework sets out the government’s intention that all children should:

- (a) Be healthy
- (b) Stay safe
- (c) Enjoy and achieve
- (d) Make a positive contribution, and
- (e) Achieve economic well-being

(2) Through the Children Act 2004 (section 10) the following services have a duty to cooperate to improve outcomes for children and young people:

- District Councils
- The Police Authority and Chief Officer
- The Probation Board
- The Youth Offending Team
- The Strategic Health Authority and PCTs
- The Learning and Skills Council and related service providers

(3) As the Children’s Services Authority Kent County Council has a lead role to ensure that services comply with this duty and that arrangements for integrated planning and working are effective. Accountability for children’s services rests with the Children’s Services Authority and is secured through the Director of Children’s Services, and the lead elected member.

Progress in Kent

2. (1) The Kent Children's Trust (County Board) was established in September 2006. Agreement of the governance framework is now critical to the continued development of trust arrangements. Formal terms of reference will also be agreed by December 2008.

(2) The vision for children's trust arrangements in Kent is of strategic county arrangements to commission improved outcomes for children and young people through the statutory Children and Young People's Plan. This plan will be implemented through a network of local children's trust arrangements. Four local children's trust pathfinders are currently exploring how local arrangements should operate.

(3) The vision for the future of children's trust arrangements in Kent includes radical and possibly unique arrangements for children's health services. An agreed framework for governance and accountability is a prerequisite of these arrangements.

Principles for the Kent children's trust governance framework

3. These principles underpin the effective governance of trust arrangements in Kent:

- (a) Accountability rests with Kent County Council as the Children's Services Authority and is secured through the Director of Children's Services, Graham Badman and the Lead Elected Member, Chris Wells. This accountability can be shared but not delegated.
- (b) The Director of Children Services and the Lead Member exercise this accountability within the local authority structures for financial and business management and are held to account through the Local Authority scrutiny process.
- (c) Accountability for children's trust arrangements is shared through the Kent Children's Trust (County Board) which operates as a directly linked working group of the Kent Partnership.
- (d) The County Board is responsible for agreeing the Kent Children and Young People's Plan which forms part of the KCC planning framework. This plan sets the strategic direction within which locality arrangements will operate.
- (e) Members of the County Board are accountable to the organisations they represent and bring with them a range of statutory, policy and professional responsibilities. Membership of the County Board does not supersede these duties.
- (f) The Nolan Committee principles of public life have been adopted as a common framework for the partnership on which to build shared accountability for the work of the Trust.

Next Steps

4. Children's trust arrangements in Kent will be the focus of an all party member briefing on 26th September 2007. There will be a particular focus on the governance and the debate will further inform the governance framework to be agreed by Cabinet on 3rd December 2007.

Recommendation

5. Cabinet are asked to consider and agree the principles for the Kent Children's Trust (County Board) Governance Framework.

Joy Ackroyd
Trust Development Manager
Tel: 01622 696013

Background papers:

Members may wish to look at the Children's Trust webpages for general background information: <http://www.clusterweb.org.uk/Children/childrenstrust.cfm>

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By: Roger Gough, Cabinet Member for Regeneration and Supporting Independence &
Adam Wilkinson, Managing Director, Environment and Regeneration

To: Cabinet – 17 September 2007

Subject: Future of Post Office network and services in Kent

**Summary
For information
and discussion**

This report updates Cabinet on the latest developments concerning the Post Office Network Change Process in Kent.

- **Kent has been identified as the first area in the Country to undergo the process, and the Post Office Network Change Unit commenced work in early July.** The Local Area Plan timetable received by KCC (belatedly on Monday 23rd July) states that 'blueprint and validation' started on the 2nd July, engagement with sub-postmasters on the 16th July and the public consultation will commence on the 17th September 2007. It is our understanding that post office closures in Kent are likely to be actioned in early 2008.
- At this stage, the nature and scale of proposed closures that are planned for Kent is unknown. The Government have announced nationally that up to 2,500 closures are planned. Pro-rata, this could mean significant numbers across Kent – given that the Government are adamant that 'no country within the UK and no group of inhabitants at the area plan level should be significantly more adversely affected than any other'.

Rural and Urban Dimension

- This is not just a rural issue – as the government have stated that the number of urban and rural post office closures will be 'roughly similar'. Urban areas may also feel particularly targeted as the last round of post office closures centred exclusively on urban areas (Urban Reinvention Programme)
- It is important to note that the rural and urban impacts of post office closure – and remedial actions are likely to differ. Rural impacts include: possible failure of village shop (where co-located), access difficulties for those without private transport, loss of main focal point within village, reduced productivity/ increased travelling for rural businesses to access postal services – and resultant increases in carbon footprint. Urban impacts include loss of footfall for neighbouring businesses/ shops in immediate vicinity, which can be counter productive for wider regeneration initiatives and access issues for those with limited mobility.

Concerns re the Network Change Process

KCC continue to have a number of concerns over how the network change process is being implemented in Kent. These are:

- a) **The timescale identified for network change is too short.** This process must focus on putting Kent's post offices on a stable *and sustainable* footing for the long-term future and create a viable business model. Changes should not be rushed or under-resourced. A longer period is required to get alternative delivery models up and running – and to ensure no gaps. Failure to do this will result in a weakened network, which is not sustainable in the long-term – and does not meet the needs of Kent's communities.
- b) The Government has resisted widespread calls for the public consultation period to be extended from six weeks to twelve weeks. **A six week public consultation period on the proposals is too short**, for an issue of this significance – and is not sufficient time for the communities of Kent to have their say – or develop community led approaches for alternative delivery.
- c) Where post offices are proposed for closure, **sufficient funding needs to be made available to enable appropriate outreach facilities to be put into place.** It is proposed that Post Office Ltd will introduce some 500 outreach services across the UK to mitigate the impacts of up to 2,500 closures. There is concern that the scale of funding for outreach provision (run by Post Office Ltd) will not be in keeping with the number of proposed closures¹. Local authorities should not be left footing the bill.
- d) Many post offices are co-located in shops – and insufficient recognition has been given to this issue within the Government's response. **There is a particularly high degree of co-dependency in rural areas where loss of the post office could also result in the loss of the village shop.** In deprived urban areas, research has evidenced that the resulting reduction in footfall can be detrimental to wider regeneration initiatives.
- e) The implicit assumption within some of the outreach proposals that all communities have the necessary 'community capacity', 'social capital' or community assets to implement alternative provision is erroneous – especially in deprived areas. **There is likely to be a particular emphasis placed on community-led or community-assisted responses in rural areas.** Dedicated funding for facilitation needs to be put in place to enable those interested communities to deliver their own solutions e.g. community shop providing 'post office services'.

¹ The outreach models proposed by Post Office Ltd are:

Hosted – a full service offered by the subpostmaster (or a fully trained employee) of a nearby post office at a host site such as a shop, village hall or church

Partner – a basic service with access to cash, bill payments, stamps, weighing and leaving parcels being provided by other retailer alongside their main business e.g. petrol station or pub overseen by the core subpostmaster who provides the site with products

Home service - a limited service offered via telephone or on-line ordering with the subpostmaster

Mobile – a full service is offered by a mobile post office visiting a number of locations at set times on a regular basis

Kent has a good track record in innovation. For example in Frittenden, Kent, the Bell and Jorrocks pub volunteered to become the location for a new automated Partner service with the Core branch being at Staplehurst.

- f) **Business use of the network has not been sufficiently taken into account**, especially in rural areas. ICT has led to a rapid growth in home-based businesses and home-based working – especially in rural areas. Research by the Federation of Small Businesses stresses that post offices are a ‘crucial element of the post infrastructure’ and that 82% of small businesses believed that closure of their local post office would have a significant impact on their business. Kent and Medway’s regional organiser has expressed strong concern over the impact on Kent’s SMEs and willingness to work with KCC on further quantifying the likely impact on the small business sector. *Some outreach service models will not cater for the needs of local businesses.*
- g) **There is a need for Government and Post Office Ltd to take a more integrated and joined up approach to the future delivery of Post Office Services i.e. working with other partners.** This would result in improved access to services for Kent’s communities (particularly in rural areas), better use of public money and more sustainable delivery of Post Office Services. The transfer of assets policy outlined in the Quirk Review may create opportunities for new urban provision of postal services. It is unlikely that rural communities will benefit from the resources that will become available for the transfer of assets proposed by the Quirk Review – as in rural areas most communities already own their own assets e.g. village halls and playing fields. **Equivalent opportunities (and funding) should be made available for rural communities to develop the management of their existing community assets to improve access to services.**
- h) **There has been little thought given to the environmental impacts of post office closure** – i.e. increased journey times, more car-based trips etc.

What is KCC doing in response?

- 1) A proactive communications strategy has been drafted by KCC’s Corporate Communications Team. This will highlight:
 - a) KCC’s above concerns about the way that the network change process is being implemented in Kent – and the damage that rushed, ill-thought through plans will cause Kent’s businesses, communities - and future sustainability of Kent’s post office network.
 - b) KCC’s support for Kent’s post offices – and urge Kent’s communities to support their post offices. Districts are being invited by the press office to participate in this press campaign.

- 2) An initial discussion has also taken place to assess the potential to integrate future post office service delivery with the roll out of the KCC Gateway Strategy. The opening of a new Gateway in Tenterden later this year should secure the future of the town centre post office (which is co-located in the Allday’s site) – although Post Office’s timescale and issues re cash-handling pose significant constraints.

- 3) 2 dedicated workstreams to address likely rural impacts are being scoped:

- a) providing specialist business advice for rural retailers where closure of their co-located post office could also jeopardise the viability of the village shop
- b) providing effective support for rural communities faced with the loss of their post office, and potentially village shop, to develop alternative community-led alternatives e.g. community owned shops

For each workstream, two options have been scoped to provide:

- a workstream that is likely to be possible through the re-alignment of existing KCC and partner resources/budgets which would meet some of the needs
- the ideal option that would be taken forward if further funding was made available by Post Office limited to address the wider impacts of the network change process (nb previous Countryside Agency funding streams could have potentially provided such resourcing if they were still available).

Both of these workstreams directly feed into the Towards 2010 target and Kent Rural Delivery Framework objective of supporting rural businesses and communities to become more entrepreneurial. KCC will lead, but the workstreams will involve partnership-based delivery.

Recommendation

Cabinet are asked to consider the proposed KCC response, and agree & amend as proposed.

Background documents:

The Post Office Network: Government response to public consultation (May 2007), DTI

The Post Office Network: A consultation document (December 2006), DTI

Small Businesses and the UK Postal Market: Federation of Small Businesses (2007)

Contact officers:

Stuart Gibbons 01622 221958; Liz Craven 01622 221381

By: Graham Badman, Managing Director, Children, Families and Education
 Chris Wells, Cabinet Member for Children, Families & Educational Standards, CFE
 Mark Dance, Cabinet Member for Operations, Resources and Skills, CFE.

To: Cabinet - 17 September 2007

Subject: CONTRACT FOR THE CONNEXIONS SERVICE'S PREFERRED SUPPLIER

Classification: Unrestricted

Summary: The purpose of this paper is to report on progress of the transition of Connexions funding and associated responsibility to the Local Authority and the next steps in contracting the preferred supplier. The Connexions Board will need to agree in principle the draft contract, specification and funding by the end of September in order to achieve continuity of service and meet the nationally required date. A paper on these topics will be made available to Kent Children's Trust at its next meeting in October.

Background

1. On 16 July 2007 Cabinet agreed that:-
 - (a) a tendering process could not be completed in time to achieve national deadlines;
 - (b) existing provision should be sustained in the short term in the interest of achieving key objectives and targets;
 - (c) Connexions Kent & Medway Partnership will become the preferred supplier with an offer of a two-year contract from April 2008. This offer to allow change in the first year within existing staffing as may be agreed and with further planned graduated change in line with KCC's overall policy objectives within the second year.
 - (d) The Strategic Group should plan for market testing of services in the medium and long term to ensure close alignment with KCC priorities, the Integrated Youth Services Strategy and the Children and Young People's Plan.

Indicative Funding

2. (1) The Connexions grant for Kent in 2006-07 was £11,490,806. The illustrative Connexions grant for 2008-09 sees an increase to £11,743,353 without damping and £11,774,635 with damping.
- (2) The actual allocation will be announced in early December 2007. The new formula is based on resident population; student population; young people in secure

homes, training centres and young offender institutions; non-education achievement (Key Stages 2, 3 and 4); NEET population and multi-deprivation indices.

(3) Connexions Kent and Medway has applied for registration as a registered charity. It is anticipated that the process will take approximately eight weeks. This status would enable the Partnership to seek funding for the delivery of additional services for Kent, e.g. European Union Funding, as well as to seek other contracts.

Contract and Service Specification

3. (1) A contract and specification have been drafted subject to legal approval for later agreement by the Connexions Board. The contract (Appendix 1) is based on a standard Department for Children, Schools and Families' contract for Connexions services. Work by the Strategic Group to identify the resources required for KCC to monitor the contract's outcomes and quality of services is well advanced.

(2) The service specification (Appendix 2) is currently being finalised. The national specification for 2006-07 allows relatively little leeway in changing the offer to young people. Any changes anticipated in 2008-09 will focus predominantly on aspects related to developing Integrated Youth Support Services and local Children's Trust arrangements and delivering better outcomes. The contract and service specification will allow for more flexibility in service delivery in 2009-10.

(3) Services required from the new contract are still under discussion between agencies but are likely to include:-

- (a) the provision of information, advice, guidance and support to young people aged 13-19 (up to 25 for young people with Learning Difficulties and Disabilities (LDD) primarily focusing on education, employment and training matters;
- (b) providing support to young people to enter and remain in education, employment and training (EET), including acting as the lead agency for the achievement of the Not in Education, Employment and Training (NEET) LAA/PSA target, and placing specific emphasis on supporting vulnerable groups of young people and/or groups who face particular barriers to entering and remaining in EET.
- (c) The provision of associated services to other stakeholders, for example, support to schools and parents'
- (d) The provision of supporting services and functions, for example, staff training and development.

Recommendation

4. The Cabinet is requested TO AGREE:

- (a) and note the progress made towards the transition of Connexions funding and responsibilities;
- (b) note the process for the development of the contract and service specification and the identification of key outcomes;
- (c) note the broad schedule of Connexions funding at 2.(1) in line with 2006-07 figures and priorities for additional funding;
- (d) note that work is proceeding to identify the resources required to monitor the contract and service specification;
- (e) delegate the final sign off for the contract and its specification to a senior officer in consultation with the Cabinet Member for Children, Families and Educational Achievement.

Joanna Wainwright
Director, Commissioning (Specialist Services)
Tel: 01622 696595

Background Documents:

Report to Cabinet on *Connexions Transition* – 16 July 2007

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Contract Reference No:

PROVIDER AGREEMENT

AN AGREEMENT made on _____ 2008

BETWEEN: - Kent County Council & Connexions Partnership Kent & Medway Limited

THE PROVIDER

Connexions Partnership Kent & Medway Limited whose registered office is at Woodstock House,
15 Ashford Road
Maidstone
Kent
ME14 5DA

SERVICE: The provision of Connexions Services as more specifically set out in this agreement and the attached specification.

THE PARTIES AGREE THAT: -

1. The Provider shall provide the Service on the terms set out in this Agreement.
2. For the purposes of this Agreement:
 - "the Effective Date" is : 1st April 2008
 - "the Termination Date" is : 31st March 2010
 - "Provider's Representative" is : Gordon Bernard
 - "KCC's Representative" is : Joanna Wainwright

Signed for and on behalf of **KCC:-**

Signature:

Name: Joanna Wainwright

Position: Director of Commissioning
(Specialist Services)

Date:

Signed for and on behalf of **The Provider:-**

Signature:

Name: Gordon Bernard

Position: Chief Executive

Date:

CONDITIONS

1. Definitions and Interpretation

1.1 For the purposes of this Agreement, unless the context otherwise requires:

Agreement

means this agreement and all Annexes attached hereto, and all other documents incorporated by reference

Business Day

means a day other than Saturday, Sunday or a day on which a Bank Holiday falls

Authorised Officer

means the individual(s) appointed by both parties who shall act as key contacts

Confidential Information

means all written information disclosed by one party to the other in connection with this Agreement or the provision of the Service and all information (whether written or not) concerning a party's or client's operations, business, suppliers and customers;

Copyright Work

means any works (including documents and computer disks) created by the Provider or on the Provider's behalf in performance of the Provider's obligations under this Agreement;

**Connexions Partnership
Kent & Medway**

means the Partnership established to deliver the Connexions Service in Kent.

Personal Adviser

means the adviser(s) appointed in accordance with the service specification to work with young people

Connexions Access Points

means any of the locations managed or operated by the Provider for the delivery of the Service

Services

means the services required by Kent County Council from the Provider as specified herein

Special Conditions

means the supplemental conditions (if any)

“Youth Charter”

means the current Charter adopted by Kent County Council

- 1.2 The headings in this Agreement shall not affect its interpretation.
- 1.3 Unless otherwise stated references to clauses are clauses of this Agreement and paragraphs are paragraphs of the Annexes specified.
- 1.4 In this Agreement words denoting the singular shall include the plural and vice versa, and words referring to one gender shall include all genders. References to a person shall include any individual, firm, and bodies corporate and vice versa.
- 1.5 References to any statute or statutory provision include a reference to that statute or statutory provision as from time to time amended, extended or re-enacted.

2. Commencement Date

- 2.1 This Agreement shall start on 1st April 2008 and shall (subject to earlier termination under the terms of this Agreement) terminate automatically without notice on the Termination Date unless extended prior to the Termination Date by agreement in writing signed by or on behalf of both Kent County Council and the Provider.

3. The Service

- 3.1 The Provider agrees to provide the Service in accordance with the terms set out in this Agreement provided that the Provider shall use all reasonable endeavours to accommodate any reasonable changes to the needs and requirements Kent County Council in connection with the delivery of Connexions Services within Kent.
- 3.2 In providing the Service, the Provider will use its best endeavours to comply with any reasonable requirements and guidelines which may be published from time to time by the Department for Children, Schools & Families and other authorised bodies provided that if there is any conflict between the terms of this Agreement and such requirements or guidelines, the terms of this Agreement will prevail.
- 3.3 The provision of the Service shall meet the Department for Children, Schools & Families' and Kent County Council's quality and continuous improvement requirements as published from time to time and shall, where applicable, be in accordance with or shall exceed any relevant European Standard Specification, and any other reasonable specific requirements and standards that may be determined from time to time by Kent County Council and notified to the Provider.
- 3.4 The Provider shall use all reasonable endeavours to ensure that all clients or other young people to whom the Service is provided or who otherwise seek advice or guidance from the Provider are referred to other appropriate agencies within the Connexions Kent area delivering services intended for young people.

- 3.5 Notwithstanding the provisions of clause 9 but subject to any applicable statutory regulations or restrictions and any contractual restrictions binding on the Provider, the Provider agrees that it will share data regarding clients and other providers which is in the possession of the Provider and which the Provider considers relevant with whomsoever Kent County Council's Representative reasonably directs and will participate in such meetings within the Kent area to assist in the effective and cohesive delivery of the Connexions Services generally in that area.
- 3.6 The Service shall be branded consistently and unequivocally as part of the Connexions services and in any event in accordance with the national branding and publicity requirements. Where the Provider provides other services which are not part of the Service or otherwise associated with Connexions services, the delivery of such services must be clearly differentiated from the Service.
- 3.7 In providing the Service and generally in performing its obligations under this Agreement the Provider will at all times where appropriate have due regard to the terms of its Young Peoples' Charter.
- 3.8 The Provider shall ensure that all personal advisers employed or otherwise retained by it in connection with the performance of this Agreement will undertake the "Understanding Connexions" course, the PA Diploma, APIR and any other training relevant to the role and as agreed by both parties.

4. Status of Provider

- 4.1 In carrying out its obligations under this Agreement the Provider agrees that it will be acting as principal and not as the agent of Kent County Council and the Provider shall not say nor do anything that may lead any other person to believe that the Provider is acting as the agent of Kent County Council.
- 4.2 Nothing in this Agreement shall render Kent County Council liable to indemnify the Provider in respect of any liability of any kind incurred by the Provider to any other person but this shall not be taken to exclude or limit any liability of Kent County Council to the Provider that may arise by virtue of either any term of this Agreement or any negligence on the part of Kent County Council, its staff or agents.

5. Payment

- 5.1 Payments to the Provider for the provision of the Service will be made in accordance with the terms of Annex 2. Without prejudice to Kent County Council's right to contest an invoice and subject to clause 13.1 the Company shall make the payments set out in this Agreement to the Provider within 30 days after receiving a

valid invoice from the Provider provided that Kent County Council has received from the Provider full and accurate information and documentation as required by Annex 2 to be submitted in respect of work undertaken by the Provider in accordance with this Agreement.

5.2 Kent County Council reserves the right to recover from the Provider any sum which was incorrectly paid to the Provider or which the Provider has incorrectly claimed from Kent County Council under the provisions of this Agreement or which was paid to the Provider while the Provider was in breach of this Agreement. Any such sum may be deducted from any sum then due or which at any time thereafter may become due to the Provider under this or any other contract with Kent County Council. Exercise by Kent County Council of its rights under this condition shall be without prejudice to any other rights or remedies available to Kent County Council.

6. Contract Managers

6.1 This Agreement shall be managed for Kent County Council by its Representative and for the Provider by the Provider's Representative and each party shall notify the other, in writing, as soon as possible, if the identity of its Representative shall change.

6.2 The Provider's Representative shall co-operate with Kent County Council's Representative to ensure that the Service is delivered as specified in this Agreement, that the quality of the delivery of the Service is maintained at least to the minimum standards referred to in this Agreement, that required performance levels are at least met and that management and other information is provided to Kent County Council as specified in Clause 9

6.3 The Provider's performance of its obligations under this Agreement to deliver the Service will be assessed on an ongoing basis by Kent County Council and the Provider will be notified by Kent County Council's Representative of any matters coming to Kent County Council's attention regarding the Provider's performance. Failure to meet agreed targets or satisfactory performance standards may result in a reduction of fees payable to the Provider.

6.4 The Provider shall promptly comply with all reasonable requests or directions of Kent County Council's Representative in connection with the provision of the Service.

6.5 The Provider shall address any enquiries about this Agreement or its performance to Kent County Council's Representative in writing.

7. Liability and Insurance

- 7.1 The Provider shall indemnify and hold harmless Kent County Council and its employees from and against any and all liabilities, losses, damages, claims, suits and expenses, including legal expenses, of whatsoever nature and kind imposed upon, incurred by or asserted against any of them relating to or arising out of the acts or omissions of the Provider in connection with the provision of the Service or arising in connection with any breach of the terms of this Agreement by the Provider or other default by the Provider save that such indemnity shall not apply in any particular case to the extent that the negligence of the person benefiting from the indemnity has contributed to such liabilities, losses, damages, claims, suits and expenses and provided that if any Claim comes to the notice of the Kent County Council the Kent County Council shall:
- 7.1.1 give written notice of the same to the Provider as soon as possible after Kent County Council becomes aware of such Claim
 - 7.1.2 not make any admission of liability, payment, agreement or compromise or otherwise to settle the Claim with any person, body or Authority in relation to such Claim without prior consultation with and the prior agreement of the Provider
 - 7.1.3 act in accordance with the reasonable instructions of the Provider and give to the provider such assistance as it should reasonably require in respect of the conduct of any negotiations and/or proceedings relating to the Claim
- 7.2 The Provider shall take out and maintain in full force and effect at all times with a reputable insurance office, insurance reasonably satisfactory and in any event insurance which is adequate to cover the Provider against any losses and damages arising from fault or negligence on the part of the Provider or its servants in the performance of this Agreement including, but not limited to, employers' liability to the statutory minimum of £10m; public liability to provide indemnity of £5m for any one incident; and professional indemnity of £5m any one claim
- 7.3 The Provider shall ensure that its agents and sub-contractors take out and maintain in full force and effect at all times with a reputable insurance office such insurance as is specified in clause 7.2 in respect of the fault or negligence of the agent or sub-contractor provided that if any of the Provider's agents or sub-contractors fail to take out or maintain such insurance the provisions of clause 7.2 shall apply so that the Provider must additionally take out and maintain insurance in respect of the fault and negligence of such agents and

sub-contractors.

7.4 The Provider shall, when so requested by Kent County Council, supply such evidence of insurance as Kent County Council may from time to time require and shall give to Kent County Council not less than 30 days prior written notice of any alteration or cancellation of any insurance cover.

7.5 The Provider warrants that any goods supplied by it or its agents in connection with the delivery of the Service will, so far as is reasonably practicable be of satisfactory quality and fit for the purpose and will be free from defects in design, material and workmanship.

7.6 Without prejudice to any other remedy, if any part of the Service is not delivered or performed in accordance with this Agreement, the Company shall be entitled where appropriate to:

7.6.1 require the Provider promptly to re-perform or replace the relevant part of the Service without additional charge to Kent County Council; or

7.6.2 assess the cost of remedying the failure (the "assessed cost") and to deduct from any sums due to the Provider the assessed cost for the period that such failure continues.

8. Assignment and Sub-Contracting

8.1 This Agreement is personal to the Provider and the benefit and or burden of this Agreement may not be sub-contracted, assigned or novated, in whole or in part, by the Provider without the prior written consent of Kent County Council. Consent may be given subject to any conditions which Kent County Council reasonably considers necessary.

8.2 Where the Provider sub-contracts the delivery of all or any part of the Service, the Provider shall remain accountable in all respects to Kent County Council for the full and proper delivery of the Service and for the acts or omissions of its sub-contractor, to the same extent as if they were acts or omissions of the Provider. For the avoidance of doubt, any limitation of any sub-contractor's liability agreed by the Provider will not prejudice Kent County Council's rights of action against the Provider.

8.3 The Provider shall include in its contracts with suppliers or sub-contractors engaged for the purposes of providing the Service a written condition undertaking to make payment for the supply of their goods and/or services within 30 days of receipt of the supplier's or sub-contractor's invoice (provided that such goods and/or services have been supplied in accordance with the relevant contract).

8.4 In performing its obligations under this Contract the Provider shall ensure that the awarding of contracts to sub-contractors is based on open and fair terms.

9. Supervision and Management Information

9.1 On the written request of Kent County Council and subject to the provision of the Data Protection Act 1998 Provider shall, and shall procure that each of its sub-contractors shall, permit examinations of relevant documents and records by and provide oral or written explanations and other reasonable assistance at any reasonable time to representatives of:-

9.1.1 Kent County Council;

9.1.2 the Department for Children, Schools and Families;

9.1.3 the National Audit Office;

9.1.4 OfSTED; and

9.1.5 GOSE

9.2 The Provider shall, and shall procure that each of its sub-contractors shall, permit representatives of Kent County Council and the auditors of Kent County Council from time to time to have access to and examine any of its books, records and documents relating to the Service and its operation and compliance with legal obligations and (if Kent County Council reasonably believes that funds provided by Kent County Council have been used for purposes other than the Service) shall permit representatives of Kent County Council and the auditors of Kent County Council from time to time to have access to and examine any of its books, records and documents. The Provider shall furnish suitable oral or written explanation and shall provide all reasonable assistance concerning such matters and shall within a reasonable time provide copies of such documents as such representatives may require.

9.3 The Provider confirms that Kent County Council, its employees, servants, agents and representatives have the right to:

9.3.1 enter upon any of its premises and any of the premises of any of the Provider's sub-contractors on any business day, in order to inspect the Provider's and sub-contractors' books, records, documents, equipment, plant, machinery and premises; and

9.3.2 interview any of the Provider's and sub-contractors' employees, servants, agents and representatives directly connected with the provision of the service on any business day;

as Kent County Council may reasonably require in order to satisfy itself that the

Provider and each of such sub-contractors is fulfilling all its obligations under this Agreement and the Service and to investigate any complaints about the Service.

- 9.4 The Provider shall provide Kent County Council with reasonable management and other relevant information concerning the Service according to a previously notified timetable and otherwise promptly upon request in the form required by Kent County Council (and, if different, in the form required by the Department for Children, Schools & Families) and shall co-operate and assist in any surveys relating to the service required by Kent County Council or the Department for Children, Schools & Families from time to time. Documents and data evidencing management information returns will be retained by the Provider for a period of 3 years and made available for inspection by Kent County Council on reasonable notice. The Provider shall comply with all quality assurance requirements relating to the preparation, provision and retention of such management information notified to it by Kent County Council from time to time.
- 9.5 The Provider shall and shall procure that each of its sub-contractors shall comply with any Code of Practice issued by Her Majesty's Government from time to time on access to official information.

10. Prohibited Activities

- 10.1 The Provider shall not do or permit any act or omission which is likely to bring Kent County Council or the Service into disrepute.
- 10.2 Notwithstanding the generality of Clause 10.1, the Provider shall not use any funds paid to it by Kent County Council to support any organisation or activity which, in the opinion of Kent County Council, is likely to bring Kent County Council or the Service into disrepute. The Provider shall not enter into any agreement involving the use of such funds with any political or religious organisation if the effect of that agreement would be to promote a particular political or religious view.
- 10.3 Nothing in this Agreement shall be construed as establishing or implying any partnership, agency or joint venture between the parties nor authorising either party to commit the other party in any way whatsoever without the other party's prior written consent.

11. Criminal Records and Suitability

- 11.1 The Provider shall take all reasonable precautions (including requiring CRB checks to an enhanced level and the disclosure of convictions in accordance with the provisions of the Re-habilitation of Offenders Act 1974 (Exceptions) Order 1975) to avoid any person convicted of a criminal offence involving an offence

against the person or an offence involving sexual behaviour being employed by it or by any of its sub-contractors and/or having contact with any person under the age of 16 (or under the age of 18 if they have special needs) and to whom any part of the Service is to be provided. In addition, the Provider shall use all reasonable efforts to ensure that all of its employees, agents and representatives and those of any of its sub-contractors are reasonably suitable to be involved in the provision of the Service.

12. Confidentiality

- 12.1 Subject to the provisions of this Agreement and subject to each party complying with the requirements of the Data Protection Act 1998, each party will keep confidential all Confidential Information of the other and of clients or third parties which is disclosed to or obtained by it pursuant to or as a result of this Agreement or the provision of the Service and will not divulge the same to any third party and will allow access to the same to its own staff only on a "need to know" basis. The Provider will procure that all of its agents, employees, representatives and sub-contractors will be similarly bound by obligations of confidentiality in respect of any such Confidential Information.
- 12.2 The obligations of confidentiality under this clause shall not apply to any information or material which the recipient party can prove:-
- 12.2.1 was already lawfully known to it prior to its receipt thereof from the disclosing party;
 - 12.2.2 was subsequently disclosed to it lawfully by a third party who did not obtain the same (whether directly or indirectly) from the disclosing party;
 - 12.2.3 was in the public domain at the time of receipt by the recipient party or has subsequently entered into the public domain other than by reason of the breach of the provisions of this clause or any obligation of confidence owed by the recipient party to the disclosing party.
- 12.3 The obligations of confidentiality undertaken by Kent County Council under this clause shall not apply to any information which is required to be released in order to comply with any Code of Practice issued by Her Majesty's Government from time to time on access to official information (or any guidance issued by the Department for Children, Schools & Families under or concerning any such Code).

13. Dispute Resolution

- 13.1 Any dispute or difference between the Provider and Kent County Council as to the construction of this Agreement or any matter or thing of whatever nature arising under this Agreement or in connection with it (a "Dispute") shall be resolved pursuant to the terms of this Clause 13
- 13.2 The Provider and Kent County Council shall use their reasonable endeavours to resolve any dispute which may arise by means of prompt, bona fide discussions between the Providers's Representative and Kent County Council's Representative
- 13.3 If the Provider's Representative and Kent County Council's Representative fail to resolve the dispute through such discussions within 7 days, the dispute shall be referred without delay to the Provider's Chief Executive (or nominee) and to Kent County Council's Managing Director for Children, Families & Education (or nominee) and they shall use their reasonable endeavours to negotiate in good faith a settlement of the dispute and the discussion referred to in Clause 13.2 and the negotiation referred to in this Clause shall be a pre-condition to the referral of the dispute to a neutral adviser pursuant to Clause 13.4
- 13.4 If the parties referred to in Clause 13.3 are unable to resolve the dispute by negotiation within 14 days the parties shall seek to resolve the dispute amicably before pursuing any other remedies available to them
- 13.5 Time shall be of the essence in relation to any period referred to in this Clause
- 13.6 If the Provider believes it will be unable to perform this Agreement for any reason it shall request a meeting with Kent County Council to agree the steps to be taken

14. Intellectual Property Rights

- 14.1 Unless the parties agree otherwise the Provider shall grant to Kent County Council a royalty free, non-exclusive licence (for the full period during which copyright exists) to copy, issue and adapt any Copyright Work (or do any other acts in respect of any Copyright Work which are restricted by the Copyright Designs and Patents Act 1988) and to grant a royalty free, non-exclusive sub-licence in the same terms to the Department for Children, Schools & Families.
- 14.2 The Provider acknowledges that it has no right or interest in any intellectual property rights in any material created by or on behalf of Kent County Council or the Department for Children, Schools & Families in connection with the Service

save for such rights as may be specifically granted by Kent County Council or the Department for Children, Schools & Families as the case may be.

14.3 The Provider undertakes to Kent County Council that it will not use, copy or reproduce in any way any trade mark or logo belonging to Kent County Council or the Department for Children, Schools & Families without Kent County Council's prior written consent, such consent not to be unreasonably withheld or delayed

14.4 The Provider undertakes that it shall from time to time take all such steps and execute all such documents as Kent County Council or the Department for Children, Schools & Families may reasonably require to perfect licences referred to in clause 14.1.

15. Data Protection

15.1 In carrying out this Agreement, both parties shall comply with all relevant requirements of the Data Protection Act 1998 and shall be liable for and shall indemnify each other against any expenses, liability, loss, claims or proceedings (referred to as a Claim) arising as a result of or in connection with any breach of this clause save that such indemnity shall not apply in any particular case to the extent that the negligence of the person benefiting from the indemnity has contributed to such Claim

15.2 The Provider further undertakes to use any information or other material disclosed to it in connection with the performance of this Agreement and/or the provision of the Service solely for the purpose for which such information or other material was disclosed to it.

15.3 The Provider undertakes to comply with the terms of any Data Protection protocol from time to time adopted by Kent County Council and notified to the Provider in connection with the maintenance, preservation and sharing of data which is subject to Data Protection legislation provided that compliance does not involve additional cost to the Provider and will not conflict with the Provider's own Data Protection protocols

15.4 Without prejudice to the generality of Clause 15.1:

15.4.1 in relation to all Personal Data connected with this Agreement, both parties shall at all times comply with the requirements of the said Act, but without limitation maintain a valid and up to date notification under the Act covering data processing in connection with the service

15.4.2 the parties shall not disclose Personal Data to any person or organisation who is not party to this Agreement other than:

15.4.2.1 to respective employees, agents and representatives or sub-contractors to whom disclosure is necessary in order to fulfil their obligations under this Agreement; or

15.4.2.2 to the extent required under a court order or by virtue of legislation provided that disclosure to any party is made subject to written terms substantially the same as and no less stringent than, the terms contained in this Clause and that each party shall give written notice to the other of any disclosure it or its agent, representative or sub-contractor is required to make

15.4.3 the parties shall ensure that they have and maintain all technical and organisational measures to prevent unauthorised or unlawful processing of Data and accidental loss or destruction of, or damage to Data

16. Retention and Documents

16.1 The Provider shall retain original invoices and management information returns and all other documents necessary to verify the Services provided by it or by its sub-contractors in relation to this Agreement for the period of this Agreement and any extension or renewal thereof and for at least six years from the date of termination of this Agreement. Such invoices and documents shall be made available to Kent County Council for audit purposes.

17. Termination and Suspension

17.1 Notwithstanding any other provisions of this Agreement but subject to the provisions of Clause 17.3, if the Provider fails to comply in any material way with this Agreement or any part of it, Kent County Council reserves the right to take any or all of the following steps:

17.1.1 advise the Provider in writing of the failure requiring it immediately to rectify the failure or to advise Kent County Council of the remedial action that it will take;

17.1.2 call a meeting with the Provider to discuss the failure and agree the rectification steps the Provider is to take and the time period for such steps;

17.1.3 give a second written notice of failure to the Provider confirming that if a third warning is given the Provider shall be liable to have this Agreement terminated by Kent County Council in accordance with clause 17;

17.1.4 suspend payment of any claims made by the Provider under this Agreement pending the rectification by the Provider;

17.1.5 give the Provider a third written notice of failure and that this Agreement is to be terminated with effect from the date contained in the notice

- and otherwise in accordance with the provisions of clause 17;
and the Provider shall co-operate with Kent County Council in respect of any meeting called under condition 17.1.1.
- 17.2 Either party may terminate this Agreement with immediate effect in the event of a persistent or serious breach of its terms by the other party
- 17.3 Prior to the Termination Date this Agreement may be terminated by either of the parties giving to the other at any time not less than 60 days' notice in writing.
- 17.4 This Agreement may be terminated immediately on written notice to the Provider by Kent County Council if Kent County Council reasonably believes that the Provider or any of its directors or officers has been involved in any fraudulent activities or misapplication of funds (involving the Service) or where the current arrangements from time to time between the Department for Children, Schools & Families and Kent County Council for the provision of Connexions Services is terminated.
- 17.5 Either party shall be entitled to terminate this Agreement immediately by notice in writing to the other:-
- 17.5.1 if the other party, being a company shall pass a resolution for winding up (other than for the purposes of a bona fide reconstruction or amalgamation) or a court shall make a winding up order in respect of the other party or the other party shall have a receiver, administrative receiver, manager or administrator appointed of all or any part of its undertaking or assets;
- 17.5.2 if the other party, being a partnership, shall be dissolved or, being an individual, shall have a bankruptcy petition presented or shall die;
- 17.5.3 if the other party shall cease or threaten to cease to carry on its business or be unable to pay its debts or become insolvent (within the meaning of the Insolvency Act 1986) or make or propose to make an arrangement or composition with its creditors.
- 17.6 Following service of a notice to terminate this Agreement the Provider shall comply with all reasonable requirements of Kent County Council and the Department for Children, Schools & Families in connection with this Agreement and the Service. This condition shall survive termination of this Agreement until complied with in full.
- 17.7 Upon termination Kent County Council and the Provider shall endeavour to agree the amount due to the Provider to the date of termination and shall pay such sum

(less any proper deductions) upon Kent County Council being satisfied that its requirements and those of the Department for Children, Schools & Families have been complied with. Failure to reach agreement on the amount due will result in a pro rata settlement based on the number of days the Service has been fully provided.

17.8 If either party is in breach of this agreement and such breach is capable of remedy, the other party may serve a written notice on the party in breach specifying the breach, how the breach complained of shall be remedied and specifying a reasonable period of time for the party in breach to effect such remedy. If the party in breach fails to comply with such notice within that time the other may terminate this Agreement by written notice with immediate effect

18. Notices

18.1 Any notices to be served under this Agreement shall be in writing to the other party's Representative, at the address of the other party as stated in this Agreement.

18.2 Any such notice shall be deemed to be served, if delivered personally, at the time of delivery or, if sent by post, 48 hours after posting or, if sent by facsimile transmission, 12 hours after transmission provided that the sender obtains a valid transmission report indicating the proper transmission of the whole of the relevant message.

19 Force Majeure

19.1 Neither party shall be liable to the other if it is unable to perform any of its obligations in whole or in part due to causes beyond its reasonable control. If such force majeure occurs, the party affected shall notify the other party in writing as soon as is practicable. If the Provider is so affected, it shall, subject to the force majeure, provide such assistance as it is able to; to facilitate the implementation of such contingency plans as Kent County Council may propose to ensure the continuity of the provision of the Service to the relevant persons for whom it is intended.

20. Transfer of Responsibility on Expiry or Termination

20.1 The parties acknowledge that on termination or expiry of this Agreement for any reason, the continuity of the Service is of paramount importance. The Provider shall do its utmost to minimise disruption caused to the persons for whom the Service is intended and to assist the implementation of any contingency plan proposed by Kent County Council to deal with the effects of such termination or

expiry in so far as it is both reasonable and practicable for the Provider to do so.

- 20.2 The Provider shall, at no cost to Kent County Council, promptly provide such assistance and comply with such timetable as Kent County Council may reasonably require for the purpose of ensuring an orderly transfer of responsibility for delivery of the Service (or its equivalent) upon the expiry or other termination of this Agreement. The Provider shall use all reasonable endeavours to ensure that its employees and its sub-contractors directly engaged in delivery of the service are under a similar obligation. Kent County Council shall be entitled to require the service of such assistance both prior to and after the expiry or other termination of this Agreement.
- 20.3 Such assistance may include, (without limitation) delivery of documents and data in the possession or control of the Provider or its sub-contractors, which relate to performance, monitoring, management and reporting of the Service, including the documents and data, if any, referred to in the Annexes to this Agreement subject always to the provisions of the Data Protection Act 1998.
- 20.4 The Provider undertakes that it shall not knowingly do or omit to do anything which may adversely affect the ability of Kent County Council to ensure an orderly transfer of responsibility for the provision of the Service.

21. Corruption

- 21.1 The Provider shall not offer to give, or agree to give, to any member, employee or representative of Kent County Council any gift or consideration of any kind as an inducement or reward for doing or for having done or refraining from doing, any act in relation to the obtaining or execution of this or any other contract with Kent County Council or for showing or refraining from showing favour or disfavour to any person in relation to this or any such contract.
- 21.2 The Provider's attention is drawn to the Prevention of Corruption Acts 1889 to 1916. Any offence by the Provider or its employees or by anyone acting on its behalf under the Prevention of Corruption Acts 1889 to 1916 in relation to this or any contract with Kent County Council shall entitle Kent County Council to terminate this Agreement and recover from the Provider the amount of any loss resulting from such termination and/or to recover from the Provider the amount or value of any gift, consideration or commission.
- 21.3 The Provider shall use all reasonable endeavours to safeguard Kent County Council's funding of the Service against fraud generally and, in particular, fraud on the part of the Provider's directors, employees or sub-contractors.

21.4 The Provider shall notify Kent County Council immediately of any instance of suspected fraud or financial irregularity in connection with the performance of this Agreement or the delivery of the Service.

22. General

22.1 Nothing in this Agreement shall be deemed to constitute or create a partnership (as defined in the Partnership Act 1890) between the parties of this Agreement.

22.2 Nothing in this Agreement is intended to confer on any person any right to enforce any term of this Agreement which that person would not have had but for the Contracts (Rights of Third Parties) Act 1999.

22.3 The Provider shall ensure that at all relevant times it and its agents and sub-contractors shall have an appropriate health and safety policy in place and a named person who is responsible for health and safety matters.

22.4 The Provider shall ensure that at all relevant times it and its agents and sub-contractors shall have in place policies and procedures to safeguard and promote equal opportunities as required or identified by the Kent County Council from time to time and to ensure compliance with the Human Rights Act 1998 in connection with the delivery of the Service.

22.5 No amendment or variation to this Agreement shall be effective unless it is in writing and signed by or on behalf of each of the parties hereto.

22.6 This Agreement shall be governed by and construed in accordance with English Law and each party agrees to submit to the exclusive jurisdiction of the English Courts.

22.7 It is hereby agreed and declared that nothing contained or implied in the Agreement shall prejudice or affect the rights of the Provider to exercise its normal functions other than in relation to the delivery of the service as detailed in this Agreement

22.8 This Agreement and any documents referred to in it contain the entire agreement between the parties in relation to matters of this Agreement and supercede any previous agreement between the parties.

The Service

The Provider will work with Kent County Council to achieve the targets as set out in the Service Specification

The provider shall maintain a Health & Safety Policy that meets the requirements of the relevant Act(s) and nominate a person who is responsible for its implementation at all locations

The Provider shall ensure that a policy for Equal Opportunities is maintained in accordance with the relevant Act(s) and comply with the requirements of the Human Rights Act as is current

The Provider agrees to use reasonable endeavours to recruit, employ and train suitable persons, at a level as agreed with Kent County Council and who meet the Person Specification, who have job related skills and are able to carry out the tasks associated with the delivery of the service and as detailed in this Agreement and its Annexes

The Provider will ensure that all employees are wearing an agreed form of identification at all times.

The Provider shall be responsible for the employment and conditions of service of its employees and shall at all times be fully responsible for the payment of salaries, taxes, national insurance or levies of any kind in relation to employment

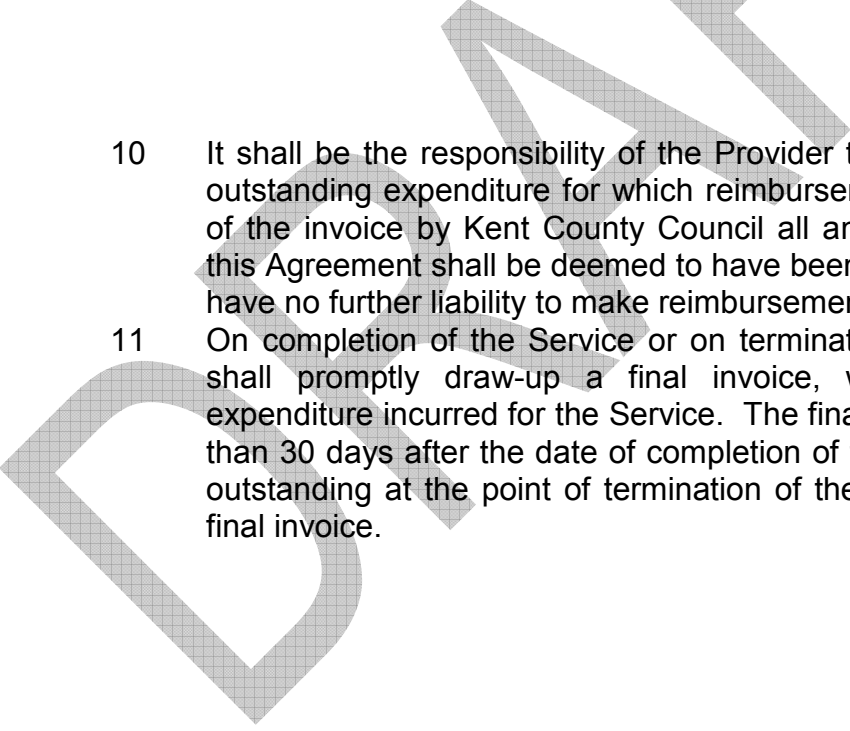
The provider accepts that the recruitment procedures will involve young people, provided those young people are appropriately trained in advance

The Provider will locate the Personal Advisers and other employees in locations as agreed and will inform Kent County Council as soon as possible of any changes in personnel or request for changes of location

Financial Provisions

The total sum for this contract – *subject to final settlement from Government* (this is the pre damping figure) is £11, 634, 635 (not less than 5% and not more than 7% of which must be allocated to the Community Chest).

1. Funds allocated to a particular accounting year are available for that accounting year only. The allocation of funds may not be altered except with the prior written consent of Kent County Council (only include if we have a breakdown for staffing, premises, community chest and other)
2. The Provider shall maintain full and accurate accounts for the Service. Such accounts shall be provided to Kent County Council as required and must be retained for at least 3 years after the end of the financial year in which the last payment was made under this Agreement
3. Where funds received from Kent County Council have been used to purchase capital assets, such assets shall not be written off, disposed of or put to a different purpose than that for which funding was given, without the prior agreement of Kent County Council, such agreement not to be unreasonably withheld or delayed
4. All proceeds from the disposal of assets acquired with funds from the Company are returned to Kent County Council unless otherwise agreed.
5. An amount equal to one twelfth of the final contract value will be paid to the Provider by the 7th April. Subsequently, invoices shall be prepared by the Provider monthly in arrears and shall be detailed against the expenditure headings. The initial April payment will be deducted from the final payment due in the financial year. The Provider or his or her nominated representative or accountant shall certify on the invoice that the amounts claimed were expended wholly and necessarily by the Provider on the Service in accordance with the Agreement and that the invoice does not include any costs being claimed from any other body or individual or from the Kent County Council within the terms of another Agreement.
6. Invoices shall be sent, within 5 days of the end of relevant month to XXXX Kent County Council aims to pay all duly completed invoices in accordance with the Agreement or within 30 days of receipt. If any problems arise, contact Kent County Council's Representative. Kent County Council aims to reply to complaints within 10 working days. Kent County Council shall not be responsible for any delay in payment caused by incomplete or illegible invoices.
7. The Provider shall have regard to the need for economy in all expenditure. Where any expenditure in an invoice, in Kent County Council's reasonable opinion, is excessive having due regard to the purpose for which it was incurred, the Company shall only be liable to reimburse so much (if any) of the expenditure disallowed as, in Kent County Council's reasonable opinion after consultation with the Provider, would reasonably have been required for that purpose.
8. If this Agreement is terminated by Kent County Council due to the Providers insolvency or default at any time before completion of the Service, Kent County Council shall only be liable under paragraph 1 to reimburse eligible payments made by, or due to, the Provider before the date of termination.
9. Kent County Council shall not be obliged to pay the invoice until the Provider has carried out all the elements of the Service specified as in the Specification.

- 
- 10 It shall be the responsibility of the Provider to ensure that the invoice covers all outstanding expenditure for which reimbursement may be claimed. On payment of the invoice by Kent County Council all amounts due to be reimbursed under this Agreement shall be deemed to have been paid and Kent County Council shall have no further liability to make reimbursement of any kind.
- 11 On completion of the Service or on termination of this Agreement, the Provider shall promptly draw-up a final invoice, which shall cover all outstanding expenditure incurred for the Service. The final invoice shall be submitted not later than 30 days after the date of completion of the Service. Any up front payments outstanding at the point of termination of the contract will be deducted from the final invoice.

Special Conditions

1. Quality Assurance

To rewrite to include monitoring and evaluation of contract

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Kent County Council

(Insert Logo)

**Service Specification for the Delivery of
Connexions Services in Kent by
Connexions Partnership Kent & Medway
Limited
April 2008 – March 2010**

Draft Version 5 : 29th August 2007

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1. Overview of Services to be delivered

This specification covers the Connexions Services to be delivered by Connexions Partnership Kent & Medway Ltd under contract to Kent County Council. In summary, services consist of:

- The provision of information, advice, guidance and support to young people aged 13-19 (up to 25 for young people with Learning Difficulties and Disabilities (LDD)) primarily focusing on education, employment and training matters
- Providing support to young people to enter and remain in education, employment and training (EET), including acting as the lead agency for the achievement of the Not in Education, Employment and Training (NEET) LAA/ PSA target, and placing specific emphasis on supporting vulnerable groups of young people and/or groups who face particular barriers to entering and remaining in EET
- The provision of associated services to other stakeholders, for example, support to schools and parents
- The provision of supporting services and functions, for example, staff training and development

2. Services to be delivered

Services to be delivered are as follows:

A: Schools, Vocational Centres/Provision, FE/HE Colleges and Work Based Learning Providers - 13-19

i). Establish a Partnership Agreement with each school, centre, college and provider based on its learner needs profile and produce a Delivery Plan agreed with the school/centre to implement this.

ii). Provide specialist, professional impartial Information Advice and Guidance (IAG) for young people and enable access to intensive support for learners in need of additional assistance including:

- Individual IAG support to develop Individual Action Plans
- Group IAG sessions to assist young people in making choices
- Act as a source of advice and support for all agencies involved with young people
- Specific IAG guidance on curriculum learning options in KS4, including inputs to PSHE programmes
- Provide advice to school staff developing the school's Careers Education and Guidance curriculum offer
- Information on choices to individuals and year groups
- Support for Investors In Careers development work

- Piloting IAG innovation in vocational centres, and with new Diplomas
- iii). Work with school staff at KS3 and KS4 to assess which learners are at risk of disengaging and offer/enable access to intensive Personal Adviser (PA) support (including CAF and undertaking Lead Professional function where appropriate)
 - iv). Work closely with the school to undertake an annual destination survey for all Year 11, Year 12 and Year 13 leavers between September and December.
 - v). In co-operation with the education or learning provider establish and maintain a place where all students may self - refer and have access to specialist, professional IAG and support dependent upon their needs. Support the provision of specialist, professional Impartial Advice and Guidance (IAG) information materials and resources for this facility and assist school staff, college, centre and Work Based Learning (WBL) provider staff with advice as to sources of IAG materials and resources.
 - vi). For independent schools, continue existing partnership arrangements and support.
 - vii). Provide young people with support on making informed learning and career choices through one to one advice, group work, input to PSHE, and drop in sessions.
 - viii). In association with the school, college or provider, identify the intended destination of each student at the end of the academic year. Track those students with no known destination over the summer and provide appropriate support to increase the number progressing to EET.
 - ix). Work with school based & FE Pastoral Support staff to assess those young people at risk of disengaging and provide access to support to increase the number remaining in education or training. Once notified, contact learners who have dropped out of education to seek to re – engage them with EET opportunities.
 - x). Work closely with WBL providers to make appropriate referrals to Entry to Employment/WBL and support progress of young people (for example, attending reviews) to achieve positive destinations to education, employment or training

B: Connexions Access Points (CAPs) and Community Outreach Services

- i). Provide Connexions Access Points in Ashford, Canterbury, Dartford, Dover, Folkestone, Gravesend, Maidstone, Sittingbourne, Tonbridge and Ramsgate (+ Margate drop in)

Provide core opening hours per week with flexibility (of opening hours) to include the option of some evening opening.

- ii). Deliver a drop-in service for all young people (13-19) comprising:
 - IAG and information support to enable young people to access jobs, training or educational pathways (EET)
 - Support to help deal with barriers to their learning (homelessness, substance use, financial management, etc) and support for progression to EET
 - Support to access benefits (JSA, EMA, Care to Learn)
 - Support for preparation for employment (CV writing, Interview skills, etc)

- Ensure centres have access to IT hardware, including open access, and specialist guidance packages
- Jobs search and jobs matching service for young people including sourcing of vacancies from local employers
- Opportunities to access Personal Development Opportunities, Volunteering, and linkage to a range of service provision/providers
- Support to young people to access WBL courses and support progress of young people (for example, attending reviews) to achieve positive destinations to education, employment or training from WBL training
- Identification of any young person currently missing from education and support their access to it.

Where feasible and relevant to the young person's needs (and subject to space and safety considerations) enable interagency service delivery within access points (health, WBL, Teenage Pregnancy, etc).

CAPs should have the following characteristics:

- The environment should be perceived as a credible centre for all young people and not one that is seen as targeting only young people with high level needs
- The environment should make young people feel safe, comfortable and unthreatened
- The design should be relaxed and young people friendly
- The location should be high profile and prominent, preferably a High Street or similar location
- Opening hours should be subject to consultation with young people and KCC
- The service provided from a CAP should be accessible for young people with disabilities

iii). Track all young people in line with the Connexions national guidance for tracking (for example, "currency rules") and recording the status of young people on the Connexions service management information system (see E).

iv). Provide support to vulnerable/specific groups (for example, teenage parents, areas of rural isolation) through community outreach work targeted to specific community settings.

C: Learners with Special Educational Needs and LDD

i). Offer IAG and support to all young people with LDD identified by the school SENCO

ii). Attend all Year 9 transition planning reviews convened by headteachers and contribute to the young person's transition plan

iii). Compile a Section 140 assessment of the learning and support needs of young people progressing to further study and training post year 11

iv). Ensure all parents and carers of young people requiring a Section 140 Assessment receive appropriate information and advice linking into home/work agreements with the Connexions Partnership for out of area young people

- v). Ensure all young people not resident but educated within the Kent area are seen and contribute to the Annual Plan and Section 140 Assessment
- vi). Identify those young people likely to be entitled to financial assistance and support their application complying with the Benefit Guidelines issued for the Connexions Service
- vii). Provide support and relevant services to all young people with LDD until they reach their 25th birthday and ensure a smooth transition to adult services at a time appropriate to each young person

D: Education other than at School

- i). Enable young people educated other than at school including those within Young Offender units, ACP and PRUs to access appropriate IAG and intensive support and identify clear progression routes
- ii). Work with KCC to identify all young people educated other than at school and enable contact to be made to an agreed timescale to identify when support is required from Connexions. Ensure parents and carers are involved in the process
- iii). Provide information on benefits and support those who wish to make an application to support their progression to EET destinations
- iv). Work with KCC to identify the destinations of year 11 young people who are in education other than at school and provide relevant support particularly to those with no known destination
- v). Support YOS with pre-release plans for young people in custody as well as young people on community orders

E: Management Information (MI) and MI Systems

- i). Provide a suitable and stable ICT hardware platform to host a CCIS compliant software system to enable Connexions PAs & support staff to record interactions in accordance with national requirements and quality standards (including, crucially, data protection and client confidentiality)
- ii). Ensure accurate, complete and compliant data on the support provided to young people and associated information is sourced, processed and reported in line with Connexions national management information requirements
- iii). Provide (and where appropriate share) data to enable effective service planning and provide monthly operational performance monitoring and reporting to KCC, Department for Children, Schools & Families etc in line with national and local requirements and needs and in compliance with the monitoring procedures in the Contract
- iv). Publish an annual report showing the destinations of all Year 11, 12 and 13 young people
- v). Provide effective office support systems to all staff engaged in the delivery of this Contract

F: Safety, Quality Assurance and Performance Management Framework

Facilities Management & Service Contracts

- i). Implement, monitor and review a risk based health and safety management system to comply with legislative requirements
- ii). Implement, monitor and review a QA and Performance Management Framework to ensure consistency in service delivery and enable effective business planning and operational performance which achieves the targets and outcomes in this Contract
- iii). Manage facilities, leases and service contracts to ensure service delivery in CAPs is to a continuously high standard

G: Marketing and Communications

- i). Implement a Marketing and Communications plan to secure a high level of service and brand awareness in key stakeholders and maximise service access using a range of methodologies to engage young people, parents and carers
- ii). Provide a high quality website that reflects the needs of young people, parents and carers. Incorporate a Jobs Live section to enable young people to search for job opportunities electronically
- iii). Support schools in maintaining high quality effective Connexions and careers-related literature, including the provision of literature for pupils to assist them at key points in their education (14, 16 and 18)
- iii). Develop an annual Service Level Agreement with Connexions Direct or its successor to have available a service which provides 7 day access and to extended service times
- iv). Carry out all marketing and communication activities in accordance with national Connexions guidelines and guidance on the local marketing of youth support services to be provided by KCC
- v). Rebrand as Connexions Kent as appropriate

H). Community Chest

- i). Implement an annual programme of service contracts (valued at not less than 5% and no more than 7% of the contract value) to enable service delivery by the Community and Voluntary sector to support the achievement of the targets and outputs in this Contract

I). Area Prospectus (AP) and Electronic Application Process (EAP)

- i). In line with national guidance and Kent's needs, through the Area Prospectus Steering Group implement an electronic (web based) Area Prospectus for young people in Kent containing all learning opportunities available to them in the 13-19 phase
- ii). In line with national guidance and Kent's needs, through the Area Prospectus Steering Group implement (on a phased basis) an electronic (web based) application process for young people for 13 – 19 learning opportunities (initial phase 16+)

J). Young People's Engagement and Involvement

- i). Systematically engage and involve young people in the governance of the Connexions Service through a Youth Board and implement the Youth Charter agreed by the board in all aspects of business planning and service delivery
- ii). Develop and implement a Young People's Engagement strategy to involve young people being involved in and shaping operational service delivery at locality level and through marketing and staff recruitment processes
- iii). Actively involve and enable all young people, especially those identified as the hardest to reach, to be effective in service planning, delivery, monitoring and evaluation, improvements and the recruitment and selection of new staff

K). NEETs Prevention and Young Peoples Re-engagement Programmes

- i). Organise and deliver short term re-engagement programmes (Back on Track) for disengaged young people (post 16) (mix of motivational, taster and employability sessions). Enable and support these young people to progress to positive opportunities (pre-E2E, E2E, vocational training, etc)
- ii). Facilitate the involvement of young people who have disengaged or are in at risk groups to take up options offered by Opportunities Plus (if available) ,Kent Community Programme, Impact and other ESF funded programmes
- iii). Selectively target activities in school including self-esteem, anti-bullying and study skills programmes to reduce factors known to lead to NEETs
- iv). Organise an annual programme of local incentives to re-engage NEETs
- v). Make full use of MI analysis to target and respond to clusters of NEETs. To simultaneously introduce preventative strategies in these areas
- vi). Work with and support KCC, schools and other local partners to raise the expectations and aspirations of Kent young people by giving all 13-19 year olds the very best careers as outlined in "Towards 2010"

L). Activity Agreement (Long Term NEETs) (NB: This aspect is subject to Treasury revenue resources continuing to be available to the Connexions Partnership Kent & Medway)

- i). Organise and deliver 20-week term re-engagement programmes for disengaged young people who have been NEET for 20 weeks+. Recruit and engage relevant young people (post 16) (mix of motivational, taster and employability sessions). Enable and support these young people to progress to positive opportunities (pre-E2E, E2E, vocational training, jobs, etc)

M): Support to Parents/Carers

- i). Ensure that parents/carers of Connexions-eligible young people are aware of Connexions services on offer
- ii). Provide information and support to parents/carers to help and encourage them to be involved at key decision points of Years 9 and 11 and when leaving post compulsory education

iii). Identify innovative and appropriate ways of involving and engaging the parents/carers of young people at risk of being NEET post-16

N). Benefits and Regulations Concerning Work

i). Provide information on legislation about work and employment rights, including gender, race, disability, health and safety, disclosure of convictions and equal pay, and information on benefits and how to claim them

ii). Provide young people with general information about Young Persons Bridging Allowance, Jobseekers Allowance, extended Child Benefit and other social security benefits. This includes giving details about how these allowances/benefits can be claimed and the rights and responsibilities associated with them

iii). Provide arrangements for young people to register for work or learning, and be able to confirm a young person's registration with Jobcentre Plus where required

O): Working with Employers, Vacancy Handling and Work Experience Support

i). Gather and publicise information on vacancies for young people who are eligible for Connexions services, including working with similar service providers in adjacent areas. Make full use of Labour Market Information towards this.

ii). Work with young people and employers to match young people to suitable vacancies and support the recruitment process where applicable

iii). Advertise vacancies in the Connexions Access Points as appropriate, and in schools and colleges at appropriate times of year and on web sites

iv). Offer advice and support to employers on issues such as relevant legislation on vacancies that may be suitable for Connexions clients

v). Monitor employer satisfaction with the services provided to them and amend delivery as appropriate

vi). Work with local employer networks and business support groups to encourage both awareness of the Connexions service and young people as potential employees

vii). Support young people in preparation for work experience placements and provide post work experience support

P). Training and Development (for Schools – pre & post 16) – Careers Education and Guidance (CEG)

i). Organise, publicise and deliver area-based approach to INSET training programmes for those staff in schools leading on CEG development or supporting CEG development within the school curriculum. Deliver a revised programme that is complementary to the changing 13-19 agenda for providers

ii). Promote the nationally accredited Investors in Careers standard in schools and assist those schools who pursue this standard with specialist professional support

iii). Assist all secondary schools to implement the national IAG standard requirements

- iv). Offer Morrisby (learner profiling) Psychometric Testing to schools on an 'at cost' basis and assist with specialist professional support
- v). Organise, publicise and deliver (in collaboration with UCAS and subject to their funding support and in collaboration with Aim Higher's mission for more young people to enter HE) an annual HE Convention (at University of Kent) to enable learners aspiring to HE to meet over 120 HE providers, attend workshops (eg Student Finance) and see a HE setting. Attendance approx 7,000 per annum
- vi). Organise, publicise and deliver a CEG Resources Fair which enables school staff & other professionals to meet a range of resource providers and see current CEG resource developments and materials
- vii). Supply and promote web-based e-portfolios for young people
- viii). Provide Labour Market Information to support the delivery of CEG in schools
- ix). Organise and deliver a programme of INSET training on a cluster basis

Q). Careers Education and Guidance – Innovation and Excellence

This section will be made more specific following the completion of the University of Warwick's audit and its recommendations

- i). Support schools in their delivery of Careers Education and Guidance (CEG) through:
 - Providing a survey of CEG provision in a selection of schools
 - Providing an e-portfolio project
 - Providing a Labour Market Information and INSET pilot for schools research project
 - Providing vocational support at Whitstable CC, Thanet Skills studio and other vocational centres
 - Providing a range of CEG projects, for example, Maidstone Year 7 guidance initiative

R). Training and Development – Staff

- i). Run an NVQ accredited training centre and programme to enable Connexions PA's to be professionally trained, assessed, mentored and supported to achieve an NVQ4 (Guidance qualification). Provide staff to manage and implement this programme across Kent
- ii). Secure Foundation Degree provision for Connexions PAs with intensive roles and provide mentoring support (Learning & Development Coaches) to assist their progress towards full qualification
- iii). Provide an annual Training Programme to support the Continuous Professional Development (CPD) of all staff in line with staff and service development needs identified through the Appraisal Programme
- iv). Provide comprehensive induction centrally and locally to ensure new staff are aware of key service priorities on Child Protection, Confidentiality, etc, very early in their induction period

v). Develop staff through an annual appraisal process

S). Human Resources

i). Ensure that appropriate and adequate staffing and support is committed to achieve the targets and outcomes of this Contract

T). Finance and Payroll

i). Provide a complete finance service function for the Connexions service to comply fully with national finance standards and legal requirements and to be subject to regular scrutiny (internal and independent external audit)

U). Integrated Working and Processes

i). Ensure relevant staff engage in the multi-agency training for Common Assessment Framework (CAF), Lead Professional function and ContactPoint training

ii). Ensure staff undertake CAF and Lead Professional function where appropriate

iii). Subject to the impact on resources, engage in the development of local Children's Trusts arrangements and integrated teams

iv). Provide (and where appropriate share) data and information to enable effective case working with other agencies

3. Targets and Outputs

Targets

Annual performance targets will be set for this Contract. Connexions has a headline target of reducing NEETs in the 16-18 year old group. Connexions has some secondary targets where its role is to support the relevant responsible Council functions or external agencies/ organisations in their achievement of the target.

The table below summarises the year 1 targets (i.e. targets relating to the 2008/09 contract year). Targets in year 2 will be reviewed in the light of the 2nd Kent Local Area Agreement and performance in year 1.

Year 1 Targets – 2008/09

TARGET	NUMBERS or %
HEADLINE TARGET	
Maximum % of 16-18 year olds not in education, employment or training (NEET) in November 2008	4.94%
Local targets for the % of 16-18 year olds NEET have been agreed for the 3 areas with the highest levels of youth unemployment:	
Thanet	7.2% (from 9.46% in Nov 2006)
Swale	6.88% (from 8.82% in Nov 2006)
Folkestone	6.07% (from 7.22% in Nov 2006)

TARGET	NUMBERS or %
KEY TARGETS	
Maximum % of 16-18 year olds whose current activity is "not known"	3.5% (this target may change pending discussions with GOSE)
Reduce the % of 16-19 year olds with LDD who are NEET	7.65% (from 10.36% in Nov 2006)
% increase in the jobs sourced by employer liaison consultants (comparing April-Nov 2007 and April-Nov 2008)	25%
STATUTORY TARGET	
% of Section 140 assessments completed where no refusal by parent/carer	100%
SECONDARY TARGETS	
% of care leavers in EET	tba
% of young offenders in EET in line with YOS definition and target	90%
% of 17 year olds participating in education and training	79% (from 73% in 2005/6)
INFORMATION ADVICE AND GUIDANCE	
% of schools achieving quality award for CEG	10%
% of schools attending cluster based IAG INSET	100%
% of young people in vocational centres receiving tailored IAG	100%
% of young people on the Skill Force programme given tailored IAG	100%
% of young people surveyed who felt that the Connexions Service had a positive impact on their decision making	95%
INTEGRATED WORKING AND PROCESSES	
% of PAs trained in integrated processes such as CAF, Lead Professional and ContactPoint	100%
% of PAs included in 13-19 integrated teams	tba

Outputs

It is anticipated that the Services delivered in this Contract will contribute to the 5 Every Child Matters Outcomes in Kent;

- supporting young people to have a healthy lifestyle, including the best possible physical, mental, emotional and sexual health
- helping safeguarding young people from harm
- supporting young people to enjoy their teenage years and achieve their aspirations
- supporting young people to improve local services for young people in their area/community
- providing impartial high quality information advice and guidance to encourage and support young people to enter and remain in education, employment and training (EET)

4. Service Development and Standards

An annual Business and Service Delivery Plan will be produced, detailing how the services within this specification will be delivered. The format of the Plan will be

agreed by KCC and Connexions Partnership Kent and Medway Limited but will include quantitative information on young people in Kent including numbers of young people with specific needs and/or barriers to participation in EET. The Plan will be formally approved by both parties in advance of the start of the Contract year.

It is anticipated that the services in this Contract will be delivered and developed in alignment with the development of local Children's Trust arrangements, Integrated Youth Support Services and 14-19 strategic developments in Kent. This will include the involvement of Connexions Partnership Kent & Medway in multi-agency developments of youth support services in Kent, including moves to more standardised processes and procedures (for example, Common Assessment Framework, ContactPoint) and representation in appropriate governance and structures with KCC and its partners.

In respect of the 14-19 agenda this will include:

- Representation on each of the 10 local 14-19 Planning Fora
- Working with the Management Information representatives of CFE and LSC to develop an annual data set for the 14-19 Planning Fora

It is anticipated that the existing contracts held by Connexions Partnership Kent and Medway Limited with third parties for the delivery of services within this specification will continue, subject to continuing satisfactory contract performance by the third parties.

Services will comply with the national "Quality Standards for Young People's Information, Advice and Guidance (IAG)"

All young people should be provided with information on confidentiality arrangements and where applicable their consent is obtained.

Information provided in faith schools/providers should reflect the ethos of the institution.

All services should be delivered with an inclusive ethos which reflects the needs of specific groups such as young people:

- from BME groups
- with LDD
- physically impaired
- from a travelling community
- a refugee or asylum seeker
- in Local Authority Care
- a substance misuser
- at risk of offending and re-offending
- pregnant or a young parent
- homeless
- gay, lesbian, bi-sexual or transgender

DRAFT

By: Graham Badman, Managing Director, Children, Families and Education
 Mark Dance, Cabinet Member for Operations, Resources & Skills, CFE
 Chris Wells, Cabinet Member for Children, Families & Educational Standards, CFE

To: Cabinet – 17 September 2007

Subject: UNIT REVIEW (INCLUDING DESIGNATED AND SPECIALIST PROVISION AND VERY SEVERE AND COMPLEX NEED SUPPORT FOR CHILDREN AND YOUNG PEOPLE WITH SPECIAL EDUCATIONAL NEED AT MAINSTREAM SCHOOLS)

Classification: Unrestricted

Summary: This report updates the Cabinet Members on the progress of the Unit Review and seeks approval on the proposals for Phase One Clusters and the timetable for consultation on proposals for Phase Two Clusters.

Introduction

1. (1) In 2004 Members agreed the need to review Specialist Unit and Designated provision in mainstream schools in Kent. The Cabinet paper on 16 October 2006 set out the objectives and strategy of the Review. The Cabinet paper on 13 March 2007 set out in more detail the policy context for the Review and Members agreed the next stages including the consultation process for approving proposals for each area.

(2) This report updates Cabinet Members on progress of the key strands of the Review strategy and seeks approval from Cabinet Members on the proposals for Phase One Clusters and the timetable for consultation on proposals for Phase Two Clusters.

Phase One Clusters

2. (1) In Phase One, there are eight Clusters. Proposals for these Clusters formed the basis of a consultation process undertaken during June and July 2007. The majority of responses to the consultation on Phase One proposals, 71% were positive. Stakeholders were particularly supportive of the following elements of the proposals:

- the Lead school vision of sharing expertise and resources within a locality;
- the concrete proposals for new Lead schools which will reduce travelling distances for children in the future;
- the idea of groups of schools working together to make decisions; and
- the potential within the proposals for influencing the practice of staff in all schools.

(2) Reports on the consultation in each Phase One area are attached at Appendix One. Each report includes the list of proposed Lead schools, feedback from the consultation in the area, changes or actions proposed as a result of the consultation. During the consultation process common concerns and issues set out below, were identified which will inform the next stages of the Review.

(3) Key themes and outcomes of consultation

Monitoring of provision and resources

The monitoring of Lead Schools and Clusters was a recurrent theme of the consultation. Stakeholders wanted reassurances that the Local Authority would monitor the resources allocated to Lead schools and decisions taken by Clusters. The County Steering Group has set out the arrangements that will be put in place to monitor and evaluate Clusters and Lead schools against agreed criteria which include Pupil Outcomes, Parent/carer satisfaction, Planning and decision-making processes and Efficient and Effective use of Resources. In addition, the Local Authority will require all Clusters and Lead schools to demonstrate conformity with statutory requirements, integrity of decision making, traceability of expenditure and consistency of provision.

Planning for a range of SEN provision in each locality

The Headteachers of Special Schools for children with Profound, Severe and Complex Needs raised specific issues regarding the planning of Lead school outreach support in the context of the wider range of SEN provision. The County Steering Group is clear that Lead schools will offer one part of the full range of SEN provision within each locality alongside other providers like Specialist Teachers, Special Schools and Health services. The Steering group is proposing to work more closely with the Headteachers of Special Schools to ensure that there is a common understanding of the vision for SEN outreach support to mainstream schools in the future. In addition, Guidance to Clusters on the development of Lead schools will be strengthened to emphasise the role of the Special School as a joint partner within the range of SEN provision in each locality.

Role and Expectations of Lead schools

Stakeholders put forward valuable suggestions on the kind of services Lead schools could provide. These included awareness training for all school staff and pupils, follow up monitoring of advice provided to schools, joint training and closer working with community groups and parent support groups. Children and young people were particularly concerned that schools address bullying more effectively. The County Steering Group is proposing to strengthen the Expectations of Lead schools for each need type to include suggestions put forward during the consultation. Feedback from the consultation will also be shared with Lead schools and Cluster Boards to inform the planning of provision locally.

Capacity of proposed Lead Schools

There was a positive response from all stakeholders to the vision of what Lead schools for each need type will deliver in the future as set out in the Expectations of Lead Schools. There was concern raised about the capacity within some of the proposed Lead schools to deliver the full range of support from September 2008. In line with Kent County Council's Improvement Strategy for Schools and Settings¹, the County Steering Group will endeavour to ensure that all Lead schools are schools within the top two categories of Outreach schools or General Support Schools as defined by the Advisory Service Kent within the strategy. Where a Lead school is identified in the other categories of Substantial or Intensive support the following is proposed. The Lead school and Cluster Board(s) in consultation with the Principal Advisor, Primary or Secondary will agree a level of provision which ensures that the Lead school delivers on its responsibilities for individual children within the Cluster(s) but reduces its outreach role to enable the school to focus on improvement. The County Steering Group is proposing to strengthen the Monitoring and Evaluation Framework to reflect this.

Communication with parents

During the consultation parents asked questions about the role of the Lead school, the timetable for the development of each Lead school and how their children will access them. Parents were also concerned that they retain the right to choose a provision outside of their area if it is the most appropriate. The Steering Group working with each Cluster or group of Clusters is proposing, from September 2007 to provide regular information to parents on the implementation of Lead school provision in their locality as it develops.

(4) Resource Implications

Revenue

Phase One proposals will be developed within the current Unit and Designation revenue budget.

Therapy support for new provision and the potential outreach role implicit in the expectations of all Lead schools will have resource implications for the Health Therapy services. Health colleagues represented on the County Steering group have begun work on mapping existing therapy resources across the County and planning for proposed Lead school provision.

Capital

The following are the capital costs of Phase One proposals:

- New Primary Lead school provision for Autism in the Ashford Clusters to include 6-8 specialist placements - £150,000
- Dartford Grammar School – proposed Lead school for Visual Impairment secondary in the North West Kent Clusters – mobile accommodation to locate resource base - £9,000 - £12,000

Additional capital costs of new provision and refurbishment of existing provision is included in either PFI or BSF planning. There are no other capital implications to the Phase One proposals.

(5) Staff Implications

The Ashford Clusters have proposed Furley Park primary school as the new Lead school for Physical Disabilities. The current designations for Physical Disabilities in the area are Willsborough Infant and Junior schools. The new proposal will have potential

¹ Kent County Council Improvement Strategy for Schools and Setting July 2007 – Produced by Advisory Service Kent

implications for the small number of permanent staff working within the current designation.

As a result of the proposals in North West Kent, staff currently employed directly by Kent County Council at the Nick Hornby Centre in Meopham school will need to be TUPE transferred to the employment of Meopham school which is proposed as a Lead school for children with Autism Spectrum Disorder. Staff currently employed by Kent County Council at the Hearing Impairment unit at Leigh CTC will need to be TUPE transferred to the employment of the new Leigh Academy which will be commissioned by the Clusters to provide Lead school services in North West Kent.

(6) Transition

Transition arrangements proposed for the Review will ensure that children currently accessing specialist support in mainstream schools continue to receive the same level of support for the duration of their education. This means that there will be a lengthy transition period of at least five years during which Lead schools and Clusters with the support of the Local Authority will plan the development of provision taking account of the staffing and resource implications outlined above.

Once agreed by KCC Cabinet Members, Phase One Clusters will begin work with local service providers and multi-agency partners on the development of detailed implementation plans for each Lead school with the support of the Project manager and specialist CFE staff.

Phase Two Clusters

3. All remaining Clusters are part of Phase Two. Continued progress has been made on Lead school nominations for these areas and a detailed presentation will be made to Cabinet Members in the Autumn prior to a wider consultation in each area. A timetable is attached at Appendix Two.

Funding proposals

4. (1) Proposals for new funding arrangements, which fit with the new structure of provision implicit in the Review strategy, have been developed by a working party established in April. In addition to the relevant CFE officers, the working party included members of the Schools Funding Forums, Headteachers and Teachers in charge of current units and designations and Local Education Officer representation.

(2) The proposals developed by the group were presented to the Schools Funding Forum on 20th of July and agreed for consultation during the Autumn term 2007. The key elements of the proposed funding formula are:

- Formula Funding for provision for children with Physical Disabilities (PD), Autism (ASD), Specific Learning Difficulties (SpLD) and Speech, Language and Communication (SLCN) should be based on percentage of population.
- Formula funding for provision for children with Hearing Impairment (HI) and Visual Impairment (VI) should be based on data held by the Specialist Teaching Service to reflect the variance by area in low incidence needs.
- Funding for children with PD medical need and VI & HI high-end support will be removed from the formula and funded on a separate

basis, as these very expensive cases cannot be met from the normal formula.

- All lead schools will receive an annual operational sum to reflect organisational and management arrangements.
- Protection will be provided for all children in Units or with Very Severe and Complex Need funding until they reach the end of their current phase of schooling. This funding will be paid directly to the school the child is attending.
- Specific anomalies identified during the first modeling of the formula for Autism in the North West Kent Clusters will be analysed and resolved in consultation with the Clusters and proposed Lead schools in the area.

(3) It is proposed that the new funding arrangements set out above be approved for wider consultation with schools with a view to implementation in September 2008.

Recommendation

5. The Cabinet is requested to:

- (a) NOTE the progress of the Review;
- (b) APPROVE Phase One proposals (detailed in Appendix Two) for implementation to start in September 2008; and
- (c) AGREE funding proposals set out at paragraph 4 for consultation in the Autumn term 2007.

Joanna Wainwright
Director - Commissioning (Specialist Services), CFE
Tel: (01622) 69**6595**

Background Papers:

Cabinet Report – Unit Review – 12th of March 2007

Cabinet Report – Unit Review – 16th of October 2006

Unit Review Consultation - Proposals for specialist provision and support in mainstream school for children with Special Educational Needs (SEN) in North West Kent Clusters (Dartford East, Dartford West, Gravesham and Swanley & District)

Proposed Lead School provision

	Primary	Secondary
ASD	Langafel	Axton Chase Meopham School
SLCN	York Road	Hextable
SpLD	West Kingsdown	Wilmington Enterprise College
HI	Fleetdown	Leigh CTC
VI	Raynehurst	Dartford Grammar
PD	Raynehurst	Thamesview

Feedback from consultation

	Yes	No	Undecided	Total
Parents/carers	31	19	1	51
School Staff	18	12	0	30
Other	2	1	3	6
Total	51	32	4	87
	59%	37%	4%	

Summary of responses

Parents and Support groups

- More support staff are needed in Mainstream schools and Lead schools
- Mixing more children with SEN of different need types in mainstream schools is not a good idea
- Sharing of expertise and resources with other schools will provide more choice for parents and reduce travelling times
- Every school should offer full inclusion to every child – staff training and raising awareness needs to be increased
- Concerns about bullying of children with disabilities in mainstream schools
- Parents need to be able to choose the best provision even if it involves travel
- Very good idea
- Monitoring of resourcing going to schools is vital
- Advice given to schools needs to be monitored to ensure it happens
- Concerns raised by parents of children at the Nick Hornby Centre about funding going to the Headteacher of Meopham school instead of directly to the Head of Unit
- Lead schools should provide Life skill classes for children involving parents and parent support groups
- Proposals are encouraging

Lead School Staff

- Concerns raised regarding impact on working conditions for staff in current units

- **Teaching Assistants would like to be more informed and involved in discussion locally**
- **Concerns about two Lead schools for ASD serving the same area**
- Concerns about funding for Units
- **Concerns about the capacity of the school to manage the resources**

Schools in the area

- Lead Schools need more resources and staff than are currently in units
- No mention in the proposal of the need to increase 'unit provision' for children with ASD. This is parents preferred option
- Outreach support provided by Special Schools needs to continue
- More strategic planning required of the full range of outreach support including Specialist schools, SMILE centres, Special School within a locality
- More consultation and engagement of Special Schools required

Health Professionals

- Potential for using the expertise within units to influence practice in other schools is a good thing
- Implications of the proposals on Speech and Language Therapy services needs to be planned carefully
- Additional funding will be required to resource the extra therapy time required to provided outreach

Children and young people

- All children consulted felt it was a good idea for groups of schools to work together in a local area
- Children wanted school to be more fun – learning through games
- Children wanted a ban on bullying

Changes proposed as a result of the consultation

1. The North West Kent Cluster boards through the Local Education Officers will consult specifically and regularly with staff and parents at the Nick Hornby Centre to ensure that their concerns regarding the implications of the proposals are addressed satisfactorily as the Review progresses.
2. Guidance will be provided to all proposed Lead schools in the North West Kent Clusters during the Autumn term 2007 on staff and personnel issues including training and support.
3. The planning arrangements for Lead School provision in the North West Kent Clusters will be strengthened to increase the input of Local Special Schools Headteachers.

Unit Review Consultation - Proposals for specialist provision and support in mainstream school for children with Special Educational Needs (SEN) in Ashford

Proposed Lead School provision

	Primary	Secondary
ASD	Oaktree/Ashford	Provision at The North School Outreach commissioned from Wyvern Special school Places commissioned from Simon Langton Grammar school in Canterbury if required
SLCN	Linden Grove	
SpLD		The North
HI	Morehall	Christchurch
VI	Cheriton/Castle	Pent Valley
PD	Furley Park	Christchurch

Feedback from consultation

	Yes	No	Undecided	Total
Parents/carers	7	4		11
Schools	10	1	3	14
Other	3	0	1	4
Total	20	5	4	29
	69%	17%	14%	

Summary of responses

Parents/Carers and Support Groups

- Concern that staff in Lead schools will not want to work in other schools
- Concerns about lack of Speech and Language therapy support for children at secondary schools
- More consultation required regarding proposals
- It is a good idea to share expertise within a locality
- Proposals will cut down on travelling times for children
- Importance of not underestimating the amount of support children with ASD require
- Deaf children need regular support from a teacher of the deaf and withdrawal time in unit
- Secondary SLCN provision should be based at The North instead of Christchurch
- New proposals for The North are good but the current provision at the same school should not be compromised
- If these proposals work they will be very good for children
- The proposals are very encouraging

Lead School Staff and Governors

- Proposals are a very good idea
- Will there be training and support for Lead school staff
- It is vital that Lead school provision is properly resourced
- Concerns about how the ASD and Dyslexia provision can be combined at The North
- ASD accommodation and staffing will need to be separate
- Training and recruitment of new teachers of the Deaf will be required

- Monitoring of Lead school provision made and decisions taken by Clusters will need to happen
- Concerns about Clusters making decisions that are not in the interest of children
- Primary and secondary HI Lead schools should plan provision together
- Unit provision is best and this should be recognised

Schools

- No grammar schools have been identified for children with VI, HI and PD
- There is a huge gap in provision for children with SLCN and ASD
- Adequate funding must be provided to allow Lead schools to provide outreach services
- Special School should be considered as Lead schools
- Concerns raised about the need to plan strategically all of the outreach provision available in each locality for children with SEN including SMILE centres, STS and Special Schools
- More consultation required with Special Schools

Children & Young people

- Children liked the extra help they get as they wouldn't like school if this wasn't available
- Children consulted said that they didn't like bullying and didn't like being in a school when building work was going on
- Children said that they would like more choice about what they read, more playtime and more cameras and staff to make sure that there is no bullying
- They would like to travel less to get to school
- Children like being asked for their opinions and in future would like to give their views on any proposals to their teachers

<h3>Changes as a result of consultation</h3>

1. Further consideration to be given to location of secondary Speech Language and Communication provision
2. Guidance on staff and personnel issues including training and support to be made available to all Lead schools during the Autumn term 2007
3. Two Lead school provisions at The North school to be planned independently ensuring that the new Autism role does not compromise in any way the existing provision for children with Specific Learning Difficulties.

Unit Review Consultation - Proposals for specialist provision and support in mainstream school for children with Special Educational Needs (SEN) in Shepway

Proposed Lead School provision

	Primary	Secondary
ASD	Cross-phase outreach provision to be commissioned from Foxwood Special School Places commissioned from Simon Langton Grammar school in Canterbury if required	
SLCN	Hythe Bay Primary School – Cross-phase provision	
SpLD	Pent Valley – Cross-phase provision	
HI	Cheriton/Castle Hill	Christchurch
VI	Morehall	Pent Valley
PD	Folkestone	Pent Valley

Feedback from consultation

	Yes	No	Undecided	Total
Parents/carers	17	1	1	19
School	25	2		27
Other	3	0	1	4
Total	45	3	2	50
	90%	6%	4%	

Summary of responses

Parents/Carers

- **Parents requesting further clarity about the difference between a Special School and a Lead School**
- All school staff should be taught deaf awareness
- Will there be a school like Laleham Gap for children in Shepway
- Longer term proposals for ASD in the area need to be clearer including how all of the provision will work in a joined up way
- The proposals are good but more needs to be done for children with ASD in Shepway
- There is a lack of consideration in the proposals for 6th form provision
- Additional staff need to be recruited to implement the proposals
- A local school would definitely be better for my child
- Opening up and sharing school resources within a community is a great idea
- Concerns that there will be enough staff recruited to implement the proposals
- Lead school for ASD in Shepway is needed
- Figures need to take account of the children with ASD who are not in school
- If properly planned and funded it would be huge step forward for Shepway and very welcome
- Concerns about the timing and when a fully operational Lead school will be up and running in Shepway
- Vital that the Lead school includes a unit like the one at The Abbey Langton
- Concerns about the capacity of existing staff at Foxwood outreach
- Children without statements should be admitted to Lead schools also

- Projected numbers do not make sense as children at School Action Plus in primary so not appear in secondary figures

Support Groups

- **Broadly support the proposals but keen to see an ASD provision in Shepway**
- **Principles of the proposal are very positive**
- **Role of Special School – Highview and Foxwood needs to be considered**
- Concerns expressed about funding and commitment for long term funding
- More consultation with parents more regularly
- Could the new Academy in Shepway not be considered as Lead school for ASD
- Concerns raised that children with ASD have stability of placement and are not taken in for periods of inreach as is proposed for other needs

Lead school staff and Governors

- **Appropriate staff training and time needs be given to planning the development of provision**
- **ASD children find it very difficult to cope in mainstream and need specialist support**

Schools

- Foxwood Special School outreach service do an excellent job and should be maintained and extended
- Ofsted cite Unit support for children with ASD as the most effective – can you not consider a primary unit for children with ASD in Shepway
- More consultation is required with Special schools in each area
- Special School should be considered as Lead schools
- Concerns raised about the need to plan strategically all of the outreach provision available in each locality for children with SEN including SMILE centres, STS and Special Schools

<h3>Changes/Actions proposed as a result of the consultation</h3>
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1. A key concern raised by parents and schools within the area is the current gap in provision for children with Autism. The Cluster(s) are developing further proposals for Lead school provision for children with Autism at Primary and Secondary phases. Stakeholders will be fully consulted on new proposals as they become available.
2. Implementation plans for each Lead school will take account of the capacity within the school and will allow sufficient time for development.
3. Guidance will be provided to all proposed Lead schools in the Shepway Clusters during the Autumn term 2007 on staff and personnel issues including training and support.
4. The planning arrangements for all Lead School provision in the Shepway Clusters will be strengthened to increase the input of Local Special Schools Headteachers.

Timetable

Approval on provision (phase one) from KCC Cabinet	17 September 2007
Agreement to consult on provision (phase two) from KCC Cabinet	15 October 2007
Wider consultation with stakeholders on area proposals (phase two)	October / November 2007
Consultation on Funding arrangements	November 2007
Final approval from KCC Cabinet on provision proposals and funding arrangements	January 2008
Implementation on Lead School Provision starts	September 2008

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BY: Roger Gough, Cabinet Member for Regeneration & Supporting Independence and Adam Wilkinson, Managing Director, Environment & Regeneration.

TO: Cabinet - 17 September 2007

Subject: Eastern Quarry (EQ2), Watling Street, Swanscombe, Kent.

Classification: Unrestricted

Summary: To report on the latest position with respect to the outline planning application for Eastern Quarry (EQ2) its Section 106 Agreement & Delivery Strategies, and the recommendation to approve given at Dartford Borough Council's Development Control Board on the 5 July 2007.

1.0 Introduction

1.1 The Eastern Quarry (EQ2) outline planning application is one of the largest planning applications in the UK, and is the culmination of several years of co-operation between the applicant (Land Securities) and the local authorities. It accords with Central Government guidance, the adopted Structure Plan, the emerging Local Development Framework, the adopted Dartford Borough Council (DBC) Planning Brief and the principles of Kent County Council's 'Guide to Development Contributions and the Provision of Community Infrastructure'. The EQ2 site comprises the majority of the land between Ebbsfleet and Bluewater. The adjacent land to the south east, which is in separate ownership and known as the North West Sub Station (NWSS) site, is the subject of a separate planning application, which is currently being considered and is outside the scope of this report. Considerable effort has gone into agreeing with the applicants the necessary planning requirements to meet the needs arising from the proposed development. Due to the scale of the proposed development, its inherent complexity and the long period of delivery (up to 20 years), an innovative approach to development contributions has been adopted and the mechanisms for control will be contained in a combination of the Section 106 Agreement, Delivery Strategies, Action Plans and planning conditions.

1.2 KCC negotiations to secure development contributions on major sites are day-to-day core business contained within Regeneration & Economy's Business Plan. This work is guided by cross-Directorate officer working groups and KCC's Developers Guide agreed by Cabinet in March 2007. Due to the large scale and significant impact of this development for Kent County Council, it is important to report and update members on this major planning application, to:

1. highlight the long term financial implications for Kent County Council's service providers and their provision planning requirements;
2. support DBC's Development Control Board's decision on the 5 July 2007; and
3. demonstrate the value of work carried out by representatives on the Cross-Directorate Working Group who advise as to requirements and enable Regeneration & Economy's Development Investment Team to negotiate and secure funding on their behalf and, following regular dialogue, provide genuine integrated community facilities for a sustainable community of this type.

2.0 Background

- 2.1** The outline planning application (EQ2), submitted in 2003, is for a mixed use development comprising of 6,250 dwellings and up to 231,000 square metres of built floorspace for business premises; education; community & social facilities; hotels; and supporting retail & leisure with associated works.
- 2.2** On the 5 July 2007, Dartford Borough Council's Development Control Board agreed to the following recommendation, that outline planning permission be granted subject to the following:
1. referral to the Secretary of State;
 2. the planning conditions as set out in the draft circulated on the 5 July 2007;
 3. the completion of the Section 106 Agreement and to deal with the outstanding issues as set out in the updated report of the 5 July 2007;
 4. the completion and approval of the remaining strategies (including the Education Delivery Strategy & the Community & Leisure Facilities Strategy) and to ensure the strategies address the issues raised in the updated report of the 5 July 2007.
- 2.3** Working in close partnership for the last 5 years with colleagues from Children, Families & Education (CFE), Communities (CMY), Kent Adult Social Services (KASS), and Dartford Borough Council (DBC), and subject to the detailed drafting of the Section 106 Agreement and associated Delivery Strategies, the Regeneration and Economy Division has secured, for Kent County Council, the following community and transport infrastructure at Eastern Quarry:
1. 3 two form entry primary schools (each of which will include a maintained nursery for 26 children of 102 sqm and a multi-agency space of 120 sqm) to an agreed specification (Building Bulletin 99 or its replacement);
 2. 1 six form entry secondary school, colocated with a Life Long Learning Centre (of a gross internal floorspace of 1475sqm to accommodate Adult Education, Youth Services, Library (for the community and school), and the non-clinical adult social care services) to an agreed specification (Building Bulletin 98 or its replacement);
 3. a ground-breaking commuted sum towards the rent for a space of 170sqm within the Health & Social Care Building, for Adult Social Services (clinical element);
 4. an on-site transport package for Fastrack and access junctions;
 5. a financial contribution for traffic management and public transport subsidy (including fastrack);
 6. a financial contribution to the Strategic Transport Fund for transport improvement made up of 11 schemes across the wider transport network. The Department of Communities Local Government, the Department of Transport, and other developments will also be contributing to this fund;
 7. a contribution towards heritage interpretation and for Kent County Council officer time costs for the first five years of the development; and
 8. in addition to the above, and in line with a sustainable community, an extensive range of other community facilities (village halls, places of worship for example),

and a comprehensive open space network including formal and informal recreation, and work relating to design and sustainability which will act as platform for many of Kent County Council's other priorities and activities.

3.0 Location & Phasing

3.1 The development will comprise of three distinct villages. The central village will consist of a market centre with the education campus comprising of a secondary school, primary school and dual use (community and school) sports pitches and sports hall. Adjacent to this will be the Life Long Learning Centre (hub). The two remaining villages will be based around smaller local centres each having a primary school (including nursery and multi-agency space). A Health and Social Care Centre is also masterplanned for the east village.

3.2 Subject to the approval of a Site Wide Master Plan, Area Wide Master Plan for each village and various reserved matters planning applications, work (anticipated to start late 2008/early 2009) will begin on the Eastern Village (including the first primary school to be delivered by the applicant), and will largely be completed before works start elsewhere on the site. The applicant will also deliver the third primary school. However, with respect to the Urban Learning Campus (consisting of the second primary school, secondary school and Life Long Learning Centre), the applicant will elect either to deliver this whole facility, or to make a contribution to KCC to deliver this overall facility. Depending on market forces, the rate of delivery and occupancy, the trigger for this whole facility will be delivered at approximately 1800 dwellings, which equates to 2013, the earliest possible start date on site.

3.3 Strategic Transport Programme

Both Dartford and Gravesham Borough Councils have approved interim policies to introduce a tariff on dwellings to contribute to a Strategic Transport Fund to deliver the 11 identified schemes for KTS at a total cost of £166m (2007 prices). The funding for this programme is to be made up of:

E Quarry contribution	£40m
Tariff	£52m
Regional Funding Allocation (2011 to 2016)	£25m
DCLG	£23m
DfT	£26m

This programme has been the subject of much discussion between KCC, DCLG, DfT, Dartford Borough Council and Gravesham Borough Council, co-ordinated by the Kent Thameside Delivery Board (KTDB). The programme and proposed funding arrangements have been agreed by the KTDB and has the support of its Chairman, Lord Bruce-Lockhart, and the Managing Director for Environment and Regeneration.

Governance arrangements for the Strategic Transport Fund and Programme are to be resolved and will be reported separately

4.0 Financial Implications

The Eastern Quarry delivery process is an innovative arrangement based on service delivery strategies which are subject to revision according to demographic change and need over time. Therefore, if it is demonstrated that, at a particular point in time, in the future, a particular facility is found not to be required it will not be provided.

Nevertheless, it is clear that while increasing demographics will have some impact upon KCC's government grant and council tax base, it is highly probable that this will partly need to be managed within the existing resource base. The appendices

attached set out the major risks, which differ by service.

Clearly, where there is no additional external resource to service the infrastructure then portfolios will be expected to align these new pressures alongside existing priorities within the overall financial limits. Put bluntly, there will be no “spare” corporate resource available to resolve this. As a result the service risk assessments and plans must be robust and formally agreed by the Managing Directors and portfolio holders for future reference.

4.1 Capital

The County Council has subject to the detailed drafting of the Section 106 Agreement secured development contributions to cover those requirements outlined in paragraph 2.3 (points 1 to 8) which, equates to approximately **£109 million** to meet the capital costs of the community and transportation infrastructure, and a commuted sum of **£500,000** for revenue costs towards Adult Social Services (point 3). These contributions are index linked. The Eastern Quarry Community Infrastructure Contributions that impact on KCC are set out in the attached appendix A.

- 4.2** In the event that the applicant elects not to build the Urban Learning Campus but to make funding available to KCC, the risks of any budget over-runs fall to the County Council. This scenario does however put KCC in control of the scheme’s development and delivery.

4.3 Revenue

Imminent sign off of the agreed Section 106 Agreement and the Delivery Strategies for Eastern Quarry (EQ2), will require Kent County Council’s Service Directorates, to prepare and obtain the necessary approvals to ensure that the implications of this development for KCC’s budget are taken into account and funded within the constraints of the appropriate Medium Term Financial Plan(s) and forward capital programme.

As noted above Managing Directors and Portfolio Holders must be aware that any implications not funded externally will become a “new pressure” on that service and must be funded from within existing resources.

4.4 Risk and Financial Management

It is, of course, important that Cabinet Members are fully aware of the revenue implications relating to service provision. Therefore, statements regarding risk and financial management for our Service Directorates: Children, Families and Education (CFE), Communities (CMY), Kent Adult Social Services (KASS) and Environment and Economy (E&R) are attached at Appendix B.

Recommendation

5.0

Cabinet is asked to :-

- (a) Endorse and agree to the Council’s continuing support and involvement in the development of Eastern Quarry, and in particular the continued development of the community and transport infrastructure proposals as detailed in paragraph 2.3 above.
- (b) Confirm the general authority granted by Cabinet on 21 October 2002

for the Managing Director for Environment and Regeneration (formerly Strategic Planning Director) to negotiate terms and the Director of Law & Governance (formerly County Secretary) to conclude any necessary legal agreements in respect of the development contribution function

- (c) Grant authority to enter into such agreements as are necessary in respect of Eastern Quarry, to give effect to the community and transport infrastructure schemes in consultation with the Managing Director for Children, Families and Education, the Managing Director for Communities, The Managing Director of Adult Social Services, the Head of Property and any other relevant Managing Directors and Cabinet Members, subject to the Director of Finance and Cabinet Member for Finance being satisfied with all the financial arrangements, both Revenue and Capital.
- (d) Support the principle of a tariff on dwellings to contribute to the Strategic Transport Programme.

Background Documents

- Copy of the Dartford Borough Council's Development Control Board main report and updated report circulated on the 7 July 2007.
- Kent Planning Officers Group (KPOG) Good Practice Guide on Development contributions 1999 and its Addendum 2001.
- Cabinet Report 21 October 2002 "The Development Contribution Function".
- Cabinet Report 18 September 2006 "Development Contribution function".
- Cabinet Report 12 March 2007 "Development Contribution Function".
- The Kent Partnership Community Strategy – "Vision for Kent".

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Appendix A

Facility	Trigger/Date	Capital Implications	Revenue Implications
2FE Primary School 1, inc 26 place nursery & 120 sqm multi-agency space	Commence statutory process at commencement of development. Earliest school opening approx 2011/12.	None. To be built by developer at his cost.	CFE will need to build into budget cost of running school
2FE Primary School 3, inc 26 place nursery & 120 sqm multi-agency space	Commence statutory process at occupation of 4,500 dwellings (approx). Possible school opening in approx 2023.	None. To be built by developer at his cost.	CFE will need to build into budget cost of running school
2FE Primary School 2 inc 26 place nursery & 120 sqm multi-agency space	Commence statutory process at occupation of 1,800 dwellings (approx). Possible schools opening in approx 2015/16. [Note: all school opening dates are approximate as subject to statutory process and rate of build/ occupation of development]	None. If developer elects to build then at his cost. If developer elects for KCC to build the contribution will be based on the latest DCG which has been consulted upon and indexed where appropriate (£28m based on current DCG).	CFE will need to build into budget cost of running school
6FE Secondary School + space for another 2FE from Sub Station site			CFE will need to build into budget cost of running school
Life Long Learning Centre for Adult Education, Youth Services, Library, non-clinical adult social care (1,475 sqm of space)			Developer to provide the KCC space at a peppercorn rent for long lease. Service Directorates will need to allow for other costs of delivering the service, management & maintenance of the facility.
Health centre for 4 to 8 GPs to include 170 sq m for ASD for clinical social care	Prior to occupation of 350 dwellings	None. To be built by developer at his cost	£0.5m commuted sum to be paid by developer to cover cost of renting this space. ASD will need to allow for other costs of delivering the service, management and maintenance of the facility
Heritage	From start of development	£70,000 contribution for heritage interpretation	
On site transport: fastrack track, junction improvements etc	Various from start of development	None. To be built by developer at his cost	Future maintenance once adopted
Support for bus services and traffic management measures	Various from start of development	£10m from developer to pay for support to Fastrack (if needed), support other bus services and local measures to manage traffic generation. Could be deemed capital or revenue. Potential revenue cost if £10m used up before services are self supporting.	
Off site transport infrastructure	Programme of 11 schemes defined for period from 2008 to 2018 approx	£40m contribution from developer. Other funding from tariff on other developments, DCLG & DfT to the total of £166m required.	Future maintenance of schemes constructed on KCC roads

In addition there are contributions to a wide range of other facilities that will be used by others eg village halls, open space, places of worship

1. CFE – potential revenue implications.

All figures quoted in the following paragraphs are at today's prices.

Schools

The main additional revenue costs for CFE arising from the EQ development will be the new schools needed. It is projected that up to three (2 form entry) primary schools may be needed along with one (6 form entry) secondary school. Schools' direct costs are currently funded through the Dedicated Schools Grant (DSG). The DSG is based on an annual pupil count and as such, funding will increase in line with any increase in pupils. If this method is to continue, the running costs of the new schools will be fully covered.

However there are three issues with this:

- Although pupil numbers are up to date, there will still be an initial seven months (September to March) for each new school where full running costs will be incurred before funding is received from the Department for Children Schools and Families (DCSF). The cost of this will depend on the phasing of the pupils into the school but if we assume the schools will not be more than half full in the first term, [this will equate to approximately £1.7m in total for the 3 primary schools and £1.1m for the secondary school](#). These will be one-off additional costs and could be less if there is a more gradual build up of pupils in the school. However, if the build up *is* more gradual, Kent will have to give transitional protection to the schools so that they can afford their fixed costs before their pupils are up to sustainable levels. We will explore with the DCSF the possibility of contingency to cover these circumstances.
- If the pupils that move to the new EQ site are currently being educated in KCC schools, this will mean that the same level of funding overall for Kent will need to cover the fixed costs of the extra 4 schools. [This will be an ongoing cost per annum to KCC of up to £654k](#). This is a maximum cost (based on current formula factors that may be subject to change) and it will be reduced for each pupil in EQ who comes from outside Kent.
- All new schools receive one-off reorganisation funding to cover start-up costs. [This will equate to £429k in total for the three primary schools and £542k for the secondary](#). Depending on the number of pupils attending the school when it opens (see bullet point 1 above), there may also be some transitional protection for the first three years of the new school. This will be the equivalent to the difference in age weighted pupil funding for the published number of places and actual admissions.

The additional fixed running costs of the new schools may be offset by reductions in other schools but this may incur redundancy costs and also assumes that the spread of the pupils moving to EQ is concentrated around specific existing schools and can therefore translate into the closure of those schools.

The build out of the new schools will be for the first time determined by an annual meeting of an Education Review Group. The new schools will only be built if required, to ensure the percentage of surplus places remains at or below the 5% determinant, to safeguard our current school provision.

Other CFE services

The same principle as above will hold true for centrally retained services funded within the DSG. If the total number of pupils increases, the funding available to the LA through the DSG will increase accordingly and therefore we should be able to meet the additional costs (legislation on the central expenditure limit permitting).

However, assuming there will be an overall population growth in Kent as a result of this development, there will be pressure on other services not funded from within the DSG. Revenue funding for these pressures may not reach the Local Authority because of the time lags on using census data etc in the national funding settlements. It is existing practice within the Authority for Directorates to meet most of their pressures from within existing resources and savings and the Directorate is already facing significant budget issues over the next three years. The EQ pressures are likely to be incurred beyond the next medium term financial plan, but it is impossible at present to guarantee to meet any additional costs from existing resources, although the Directorate has always been successful at redirecting resources where possible.

The most significant of these extra costs is likely to be on children's social services. It is very difficult to quantify precisely these additional costs without knowing more about the demographic make-up of the new residents, but assuming they are reflective of the average in Kent, [this may result in additional costs of up to £1.05m](#). It is unlikely that this level of redirection of resources can be achieved without affecting other front line services.

Other areas of pressure not funded from DSG may be within the Education Psychology service, SEN transport, the Education Welfare service and the early retirement and redundancy costs arising from any consequential school closures. The Directorate will attempt to meet these from existing resources, but as highlighted above, this may not be possible if current funding trends continue.

2. Communities – potential revenue implications.

The planning proposals include provision for a secondary school with 1,475 m² of internal floor space for co-located services for Adult Education, a Library and Youth Services. The revenue of costs of providing these services will be accommodated within the existing Communities budget.

In the case of the AE facility the service is 100% externally funded through LSC formula grants, other specific grants and tuition fee income. The development of new facilities at eastern Quarry would not change this policy and the service would have cover the costs of running the new facility within the overall income available.

In the case of libraries staff are managed on a district basis and the addition of a new library outlet would not add to staff costs. Dartford district already has more neighbourhood libraries than other districts and thus is used to managing staff flexibly. Similarly the book fund would not have to be increased as this is managed as a county resource. We are currently developing proposals that new book purchases would be funded from developer contributions to generate revenue savings and the Eastern Quarry would give more scope to fund book fund costs from these contributions. The service would manage the additional premises costs through efficiency savings. The library service has a good track record in this area and in 2006 extended library opening hours by over 11% without the need for any additional revenue funding to cover staff or premises running costs.

The scope for accommodating additional running costs for a youth facility (estimate at around £70k) within the existing Youth Service budget is more limited but opportunities exist to make compensatory efficiency savings within the overall budget for the service. Further work is needed to explore and identify these opportunities. Other new facilities have been developed without specific revenue funding.

The Communities SMT has started to consider its role in supporting new communities. Unlike other services most of Communities work is not demand led and is not directly influenced by demographic changes. Within Communities we are more concerned about the impact on services of changes in the demographic make-up (e.g. growth in single households) and the impact on our services rather than growth in the population numbers.

3. Kent Adult Social Services (KASS) – potential revenue implications.

KASS is involved in two major capital developments in Eastern Quarry - the joint Health and Social Care Centre due 10/11 and 318 sq m which is approximately 20% of the space in the Life Long Centre due 2013/14 with the Communities Directorate. The latter is outside the current timescales for MTP.

KASS Risk Management approach to the revenue consequences of these developments are based on the following measures:

- * Negotiate commuted sum towards rent for space within the Health and Social Care building. This has been achieved and sum of £500k agreed which, using District Valuer estimates, would be equivalent to the cost of a 20-year lease. KASS will negotiate lease on that basis so that this is affordable with no impact on existing budgets.

- * From 2009 onwards on the new Joint Health and Social Care Performance Framework, it is likely that the scope and requirement by Government for direct payments, individual budgets and personalised services will be significantly extended. This effectively transfers control to consumers facilitating much greater choice. Any capital developments therefore need to be relevant and focused on client need in order to attract purchasing/revenue streams from individual clients. KASS has well developed networks with existing users and is working with innovative design experts together with partner agencies and is confident that the service planning will result in high quality, flexible services utilising technology and targeted in a way that users and their carers want to purchase.

- * KASS has a track record of recycling revenue and other resources from existing services into new and more flexible service models. This opportunity exists in Eastern Quarry through both of these capital developments and KASS is currently profiling the existing revenue streams that can be used in this way. The developments in Eastern Quarry are consistent with the overall policy of KASS - Kent's Active Lives which will see a shift from expenditure in institutional care to community settings as a broader programme of modernisation within KASS takes effect.

- * KASS will build the implications into the appropriate MTP(s).

4. Highways (E&R) – potential revenue implications.

Construction of new transport infrastructure has revenue implications for KCC.

New roads, cycleways, pavements etc constructed within the development will be adopted over the coming years by KHS, at which time they will be added to the overall highways asset to be maintained from the KHS budgets. The size of the highway asset is a factor in government calculations of the amount of grant that KCC receives.

The EQ contribution of £10m towards bus services and traffic management measures carries the risk that it is insufficient to deal with those impacts from the development. It will cover support to bus services in the early years when there are comparatively few residents. Over time the patronage of these services will increase to the point where they will hopefully become self supporting. As development in KTS is centred on the principle of being public transport orientated there will be a strong emphasis on encouraging the use of public transport and so increased likelihood of the services becoming self supporting. If they do not then there is no obligation on KCC to take over support.

The £10m will also be used to support Fastrack in its early years, if support is needed. Thus far the first Fastrack route has operated from day one without any subsidy. The second Fastrack route commenced in June and does require subsidy, as it is running through a new development site that does not have many residents or employees. When Fastrack first operates into EQ it will be the diversion of an existing route, with an existing passenger base, so reduced likelihood of subsidy need. A new through route does not commence until there are some 2,500 homes, so a passenger base will be ready to use the service. Thus, it is reasonable to believe that Fastrack will not need significant, or indeed any subsidy.

The strategic transport infrastructure is a mix of Highways Agency responsibility and KCC. Maintenance of the Highways Agency schemes is their responsibility and cost. The KCC schemes will provide modifications to infrastructure that already exists (eg Hall Rd/Springhead Rd junction) or completely new infrastructure (eg second carriageway for STDR4). These will add to the asset to be maintained. This includes infrastructure such as UTMC, signs and traffic signals etc.

There is a risk on the capital cost of the strategic schemes that KCC would be delivering. Funding sources are identified to provide the full £166m needed for all 11 schemes (including the Highways Agency schemes). There is a risk though that actual construction costs will be higher if indexation does not keep pace with costs or if the current estimates are incorrect. The £166m estimate does include over £20m of contingencies and developers contributions will be indexed to construction costs.

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By: Roger Gough Cabinet Member for Regeneration and Supporting Independence and Adam Wilkinson Managing Director Environment and Regeneration

To: Cabinet – 17th September

Subject: Allocation of Capital Funding: Kent Empty Property Initiative.

Classification: Unrestricted

Summary: Towards 2010 incorporates a target (number 39) to “bring back into use the large number of empty homes in Kent.” To achieve this it is proposed that a current project – the East Kent Empty Property Initiative (EKEPI) will be rolled out to all Kent district Councils. This briefing identifies how capital funding currently utilised for the EKEPI will be used to support the Kent Empty Property Initiative.

For Decision

1. Introduction

1.1 Towards 2010 incorporates a target (number 39) to “bring back into use the large number of empty homes in Kent.” To achieve this 2010 target it is proposed that the current East Kent Empty Property Initiative (EKEPI) will be rolled out to all Kent districts and re-launched as the Kent Empty Property Initiative from January 2008.

1.2 The EKEPI runs for three years, ending in March 2008, and has a target of bringing 372 empty properties back into use. Based on the numbers achieved in the first two years and the Districts’ targets for 07/08 it is anticipated that the EKEPI will actually achieve 577 empty properties back into use.

1.3 Initial discussions with the potential new Kent district partners strongly suggests that resources, particularly financial resources will be a key determinant in their ability to join a Kent empty property initiative. Kent County Council, as part of its contribution to the EKEPI has made available a £5million capital funding pot. This funding is being utilised to support three financial schemes to support the Districts in their work to encourage owners to bring empty properties back into use: -

1. Empty Property loan scheme
2. Partnership fund
3. Empty Property Direct Purchase Scheme

1.4 The capital funding is operated as a revolving fund and irrespective of which of the above three schemes the funding is used to support it is made available as a loan, not a grant. I.e. as money is used to support a particular empty property scheme and repaid on completion it can then be reused to fund a new empty property project.

However, experience from first two years of the EKEPI indicate that a Kent wide initiative will not require the full £5million, but could work effectively with a capital funding pot of £3million.

2. The Financial Schemes

2.1 It is proposed that the three financial schemes be retained for a Kent wide Initiative

2.2 Empty property loan scheme

The loan scheme provides funding for owners and developers to renovate and/or convert empty properties so that they can be brought back into use as residential accommodation. When launched in autumn 2006 the scheme initially proved challenging to implement due to the legal requirement for KCC to charge interest (at a rate of 6.89%) on any loans approved for empty property refurbishment. To ensure the success of the loan scheme the partner Districts have agreed to pay an applicant's loan interest. The scheme is now fully operational and the first loan has been approved. Further applications are currently going through the approval process with an anticipated commitment of £550,000. New enquiries are still being received with 15 currently being assessed for suitability for inclusion in the loan scheme.

2.2.1 The loan scheme is considered an essential tool to support empty property refurbishment based on the following: -

- The offer of financial assistance does incentivise owners to refurbish and reuse their properties. However it is a condition of the loan that works are carried out to a good standard. Additionally as the assistance is a loan and not a grant all monies will be repaid to KCC.
- The loan scheme will allow Kent Districts to offer increased incentives to bring empty properties back into use and work with owners as opposed to working against them through enforcement.
- It has also been noted that many of the refurbishment schemes put forward for loan approval involve properties in the more run-down urban areas within the four East Kent districts, which are also the subject of major regeneration projects being undertaken by KCC, the partner districts, and others.
- A number of the Districts outside the EKEPI do have an existing loan scheme. However, their schemes are linked to the applicant accepting nomination rights for the refurbished properties. Whilst this does improve the availability of affordable housing and some owners find the rent guarantees a particular incentive, not all owners are willing to commit their properties to this type of scheme. The Kent loan scheme offers a viable alternative to existing District schemes
- The loan scheme is encouraging the provision of new homes from redundant empty properties, within existing communities and infrastructure, at a lesser cost than new-build.

2.2.2 It is proposed that the Kent Empty Property Initiative will make available a loan scheme for empty property refurbishment and that £1.5million from the capital fund will be used to support this scheme.

2.3 Partnership Fund

2.3.1 The partnership fund has been set up to provide funding for the Districts where owners prove unwilling to do anything positive with their properties and enforcement is considered necessary. Previously the districts had no access to the necessary and often considerable financial resources required to take certain enforcement actions e.g. compulsory purchase orders.

2.3.2 To support the Districts in their enforcement work the EKEPI has undertaken a number of training courses to improve the knowledge and skills of key empty property personnel on the full range of enforcement options. In anticipation of empty homes being included as a 2010 commitment these courses have been made available to all Kent local authorities.

2.3.4 This training is now being used by the EKEPI districts and is proving highly effective. The training and availability of funding has been widely reported. To date whenever owners have been informed of possible action through this fund it has prompted their positive action to bring their empty properties back into use. Consequently no funding has been utilised towards this scheme, but its availability is considered a significant contributory factor to the success of the EKEPI. As expertise develops the Districts will be enabled to tackle more problematic owners and therefore it is expected that at some point the partnership fund will be required to support future enforcement work by the Districts

2.4 Direct Purchase

2.4.1 When the EKEPI was originally launched in April 2005 research undertaken for the Initiative had identified a large number of empty properties that could be readily brought back into use for under £10,000. The original basis of the direct purchase scheme was that a number of these properties would be acquired, renovated and resold. Since the launch however housing markets in the East Kent districts have improved significantly and further surveys have established that the properties initially identified for this scheme are already back in use. However the direct purchase scheme is still considered an essential tool for a Kent wide initiative for the following reasons: -

- The scheme will facilitate the acquisition of key properties in the wider regeneration areas in Kent. This will enable KCC to demonstrate its commitment to regeneration and create good quality refurbishment schemes.
- It provides owners with an alternative to enforcement by offering a voluntary acquisition as opposed to formal statutory action. This is particularly relevant where a compulsory purchase order is being considered.
- Owners may prefer to sell to KCC, as a responsible body, as opposed to selling on the open market.

2.4.2 Any acquisition would be undertaken in accordance with the Direct Purchase report approved by the Leader in April 2007.

2.4.3 It is proposed that the current direct purchase and partnership fund be combined and allocated a total fund of £1.5million.

3. Repayment of the capital fund

3.1 The current MTP shows the repayment of the capital funding taking place at £2.5million in 09/10 and the remaining £2.5million in 2010/11. The majority of Kent Districts outside the EKEPI do not have access to the range of financial schemes developed for the current empty property initiative. Discussions held at the Kent Empty Property Forum suggest that further districts are keen to work with this project, but the availability of medium term funding is a particular incentive. It is therefore proposed that the repayment of the capital funding be deferred so that £500,000 is repaid in 2009/10 and the remaining £2.5million in 2010/11. This will provide an appropriate level of financial support for a Kent wide empty property initiative to achieve the 2010 target.

4. Recommendation

Cabinet is asked to;

- (i) Allocate £3million of capital funding to support the Kent Empty Property Initiative.
- (ii) Allocated the funding on the basis of £1.5million for the loan scheme and £1.5million for the joint partnership and direct purchase scheme.
- (iii) Defer repayment of the capital fund to £500,000 in 2009/10 and £2.5million in 2010/11. This may require re-profiling of the expenditure and income profiles currently shown for the scheme in the MTP.

Background Papers: None

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REPORT TO: CABINET 17 September 2007
BY: PETER GILROY CHIEF EXECUTIVE

CABINET SCRUTINY AND POLICY OVERVIEW
Standing Report to September 2007

Summary

1. The report provides a summary (in Table 1) of outcomes and progress on matters arising from the most recent Cabinet Scrutiny Committee (CSC) meeting held on 25 July 2007.
2. The work programme for Select Committee Topic Reviews was reviewed and agreed by Policy Overview Co-ordinating Committee at its most recent meeting held on 7 June 2007. The agreed programme and current status of each topic review are shown in Table 2.

Recommendations

3. To note
 - (i) progress on actions and outcomes of the meeting of Cabinet Scrutiny Committee held on 25 July 2007 as set out in Table 1,
 - (ii) the present programme and status of Select Committee Topic Reviews.
-

Background Documents: None

Contact Officer: John Wale 01622 694006

REPORT TO: CABINET BRIEFING
BY: PETER GILROY CHIEF EXECUTIVE

3 September 2007

CABINET SCRUTINY COMMITTEE OUTCOMES AND ACTIONS
Standing Report to September 2007

Summary

4. The report provides a summary (in Table 1) of outcomes and progress on matters arising from the most recent Cabinet Scrutiny Committee (CSC) meeting held on 25 July 2007.
5. The work programme for Select Committee Topic Reviews was discussed and agreed by Policy Overview Co-ordinating Committee on 7 June 2007. The agreed programme and current status of each topic review are shown in Table 2.

Recommendations

6. To note
 - (iii) progress on actions and outcomes of the meeting of Cabinet Scrutiny Committee held on 25 July 2007 as set out in Table 1,
 - (iv) the present programme and status of Select Committee Topic Reviews.
-

Background Documents: None

Contact Officer: John Wale 01622 694006

ACTIONS FOR CABINET/DIRECTORATES FROM CABINET SCRUTINY COMMITTEE 25 July 2007

Item/Issue	Actions and Outcomes from Cabinet Scrutiny Committee
A2 Declarations of Interest	None
A3 Minutes of Cabinet Scrutiny Committee 27 June 2007.	<p>(a) The minutes were agreed.</p> <p>(b) The Update on Children's Centres is to be added by Dr I Craig. Action: Dr I Craig</p> <p>(c) Details of Government Funding for Children's Centres (including those set up under Sure Start) for 2008/09 to be circulated to all members as soon as known. Action: Alex Gamby/Ian Craig/Stuart Ballard.</p>
A4 Informal Member Group on Budgetary issues – 11 July 2007	The minutes were noted.
A5 Cabinet Scrutiny Committee: Standing Report to July 2007	Report was noted. Mr Wale explained the updates to the Select Committee Topic Review Programme following the meeting of POCC on 7 June 2007 and more recent progress relating to Topic Reviews.
<p>B1 The Bridge Development, Dartford</p> <p>E1 Strategic Plan for the Provision of Secondary Places 2007-2017</p>	<p>(a) Noted without comment.</p> <p>(b) With reference to Paragraph 3(b) of the report, Mr Smyth asked that the implications of the contribution being at a different level should be incorporated in the September Monitoring Report. Action: Lynda McMullan</p> <p>Mr M C Dance, Cabinet Member for Education and Schools, Dr I Craig, Director of Operations, Mr M Nye and Mr T Smith, School Organisation Officers, attended and answered Members' questions on this item.</p> <p>(a) Further information about reasons for the recent up-turn in national birth-rate (p8) to be circulated to all Members of the Committee. (Mr Smyth)</p> <p>(b) Comparative figures for KCC's statistical neighbours to be circulated to all Members of the Committee (Miss Carey).</p> <p>(c) Office of National Statistics' data on births in 2006 (p9) to be circulated to all members of the Committee as soon as available (Mr Bullock).</p> <p>(d) A briefing note on the inclusion of Whitstable and Herne Bay in the Thanet Phase of Building Schools for the Future to be circulated to all Members of the Committee. (Mr Hart).</p>

ACTIONS FOR CABINET/DIRECTORATES FROM CABINET SCRUTINY COMMITTEE 25 July 2007

Item/Issue	Actions and Outcomes from Cabinet Scrutiny Committee
	<p>(e) The Committee concluded that:</p> <ul style="list-style-type: none"> (i) Mr Dance, Dr Craig, Mr Nye and Mr Smith be thanked for attending the meeting to brief the Committee and answer Members' questions. (ii) The assurance by the Cabinet Member that, in planning how to deal with surplus secondary school places, the wider issues, (eg wider roles of schools within their community [both actual and potential]; location of schools in relation to the community they served; transport and travel implications; and development control issues arising from extended-hours use of school facilities) would be taken fully into account, be welcomed. ACTION: Mr Dance/Dr Craig (iii) The assurance by the Director of Operations (CFE) that that there would be full local debate over the next 6 months on the Secondary School Capacity issue be welcomed, and the Director be asked to publish a timetable for this activity as quickly as possible. Action: Dr Craig (iv) The Director of Operations, CFE be requested to provide Members with details of the future relationship between LEAs and the Further Education sector, and the implications of this for Kent, as soon as it had been clarified by Government. Action: Dr Craig (v) The Director of Operations (CFE) be asked to advise Members of the outcome of his investigation into why the number of pupils in the 15+ year group (p5 of the document) was slightly lower than preceding year groups. Action: Dr Craig/S Ballard.

**Select Committee Topic Reviews:
Programme agreed at Policy Overview Co-ordinating Committee 7 June 2007**

Policy Overview Committee/ Topic Review/Chair	Current Topic Review status and other topics agreed for the period July 2007 to July 2008 *
<p>Children Families and Education :</p> <p>PSHE-Children's Health: Chair Ms CJ CRIBBON</p> <p>Developing the Creative Curriculum</p> <p>Young People's Spiritual, Moral, Social and Cultural Development#</p> <p>Vulnerable Children</p>	<p>The Select Committee report was accepted by Cabinet on 16 April 2007, and was debated at full County Council on 24 July 2007. (Research Officer: Gaetano Romagnuolo)</p> <p>POCC agreed that this should remain in the work programme for 2008.*</p> <p># POCC suggested this topic could also be combined with aspects of Consultation and Participation with Children and Young People (Student Voice), and with Provision of Activities for Young People. In the work programme for 2008.</p> <p>POCC recommended this Topic Review should commence in Autumn 2007.</p>
<p>Corporate: Accessing Democracy</p>	<p>POCC recommended that this review should commence in Autumn 2007* Preliminary discussions have been held to assess how this work will compliment the work of the "Going Local" Informal Member Group.</p>
<p>Communities</p> <p>Student Voice –Consultation and Participation with Young People#</p> <p>Provision of Activities for Young People#</p>	<p>#See above; dates to be agreed.</p> <p>See above; dates to be agreed.</p>

<p><i>Communities (continued)</i></p> <p>Alcohol Misuse Chairman: MR D HIRST</p>	<p>Inaugural meeting held on 16 May 2007; Terms of Reference Agreed, Hearings will be held mid June to the end of July. The Select Committee will report to Cabinet on 3 December 2007.</p>
<p><i>Adult Services</i></p> <p>Carers in Kent: MR L CHRISTIE</p>	<p>Inaugural meeting of the Select Committee was held on 5 June 2007. Hearing sessions are being held in July/August 2007, with a report to Cabinet in December 2007.</p>
<p><i>Environment and Regeneration</i></p> <p>Impact of Supermarkets, Out of Town Shopping Malls and Retail Parks on Businesses in Kent</p> <p>Flood Risk MRS S HOHLER</p>	<p>After debate, POCC considered that this topic should be removed from the current work programme.</p> <p>POCC having agreed that this topic review should proceed as soon as possible, hearings have been held during July and August with the objective of completing the report by September 2007.</p>

jhw/sc 8 August 2007:

** Subject to formal agreement by Chairman and Spokespersons of POCC of Minutes of Meeting held 7 June 2007.*